S. Hrg. 98-265

VETERANS' EMERGENCY JOB TRAINING ACT

HEARING

BEFORE THE

COMMITTEE ON VETERANS' AFFAIRS
UNITED STATES SENATE

NINETY-EIGHTH CONGRESS

FIRST SESSION

ON

S. 992 and S. 1033

APRIL 20, 1983

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CONTENTS

Page

- Opening statement of Hon. Alan K. Simpson, chairman of the Senate Committee on Veterans' Affairs 1
- Bill S. 992, as referred to the Committee on Veterans' Affairs:
  - Text of 8
  - Introductory statement of author, Hon. Alan Cranston, excerpts from the Congressional Record, vol. 129, No. 41, pp. S4200-S4202—Senate, April 6, 1983 23
  - Agency report of:
    - Veterans' Administration (No. 15, April 27, 1983) 27
    - Office of Management and Budget (No. 20, May 5, 1983) 34
- Bill S. 1033, as referred to the Committee on Veterans' Affairs:
  - Text of 35
  - Introductory statement of author, Hon. Alan K. Simpson, excerpts from the Congressional Record, vol. 129, No. 45, pp. S4423-S4426—Senate, April 12, 1983 50
  - Agency report of:
    - Veterans' Administration (No. 16, April 27, 1983) 52
    - Office of Management and Budget (No. 21, May 6, 1983) 59
- Testimony of:
  - William C. Plowden, Assistant Secretary of Labor for Veterans' Employment, Department of Labor, accompanied by Donald Shasteen, Deputy Assistant Secretary of Labor for Veterans' Employment; and Joseph Juarez, Director, Office of Policy, Planning, and Legislation 60
  - Dorothy L. Starbuck, Chief Benefits Director, Veterans' Administration, accompanied by James P. Kane, Assistant General Counsel; Dr. Stephen L. Lemons, Director, Vocational Rehabilitation and Counseling Service; and June C. Schaeffer, Director of Policy Services, Education Service 75
  - A panel of representatives of veterans' organizations consisting of: Paul S. Egan, deputy director, National Legislative Commission, the American Legion, accompanied by James G. Bourie, director, National Economics Commission; Philip R. Mayo, special assistant, National Legislative Service, Veterans of Foreign Wars of the United States, accompanied by Kim Graham, employment specialist; and Ronald W. Drach, national employment director, Disabled American Veterans 81
- Written statement of:
  - Hon. Strom Thurmond, a U.S. Senator from the State of South Carolina ... 4
  - Hon. Larry Pressler, a U.S. Senator from the State of South Dakota 5
  - Paul S. Egan, deputy director, National Legislative Commission, the American Legion 83
  - Philip R. Mayo, special assistant, National Legislative Service, Veterans of Foreign Wars of the United States 88
  - Ronald W. Drach, national employment director, Disabled American Veterans 93
  - William L. Heartwell, Jr., executive vice president, Interstate Conference of Employment Securities Agencies, Inc., Washington, D.C 123
- Response to written questions submitted by Hon. Alan K. Simpson, chairman of the Senate Committee on Veterans' Affairs, from:
  - Department of Labor 70
  - Veterans of Foreign Wars of the United States 110
- Response to written questions submitted by Hon. Alan Cranston, ranking minority member of the Senate Committee on Veterans' Affairs, from:
  - Department of Labor 72

Response to written questions submitted by Hon. Alan Cranston, ranking minority member of the Senate Committee on Veterans' Affairs, from—Continued

Page

- The American Legion 113
- Veterans of Foreign Wars of the United States 116
- Disabled American Veterans 119

APPENDIX: Public Law 98-77, August 15, 1983, 98th Congress 126

VETERANS' EMERGENCY JOB TRAINING ACT

WEDNESDAY, APRIL 20, 1983

U.S. SENATE,
COMMITTEE ON VETERANS' AFFAIRS,
Washington, D.C.

The committee met, pursuant to notice, at 10:20 a.m., in room SR-418, Russell Office Building, Hon. Alan K. Simpson (chairman of the committee) presiding.

Present: Chairman Alan K. Simpson (presiding), and Senator Alan Cranston.

OPENING STATEMENT OF HON. ALAN K. SIMPSON, CHAIRMAN OF THE SENATE COMMITTEE ON VETERANS' AFFAIRS

Chairman SIMPSON. The hearing will come to order, please.

We shall hear testimony on the subject of emergency job legislation for veterans. There are two bills before us today: S. 992, introduced by Senator Cranston, the Veterans' Emergency Retraining Act of 1983, otherwise known as VERA, and S. 1033, introduced by myself, entitled the Veterans' Emergency Job Training Act, which is otherwise known as VEJTA. [Laughter.]

No; that can't be true. Enough of that.

As you can discern from these titles, there are some strong similarities of purpose between the two bills but there are also some significant differences. Nevertheless, I would hunch that our two bills would barely have scratched the surface of all of the possible different approaches that could be tried with this type of legislation.

The main issues raised by the two bills are whether we should be thinking in terms of an entitlement or nonentitlement approach or program, what the cost might be of each, whether it should be administered by the VA or the Department of Labor or some sort of combination of the two, the length of the program, and the level of benefits to be offered.

Other issues that we might address would include the possibility that employers might derive more benefit from such a program than veterans would, the scope of eligibility, the mechanics of how best to implement the program with a minimum of paperwork and a maximum of cost effectiveness, and the precise range of preference to be afforded service-connected disabled veterans.

Ultimately, the question is whether each of these bills or any possible formulation of this type of legislation will actually significantly help to relieve the unemployment problems and long-term training needs of veterans. I think we all know how very severe and very real that problem is and how much it asks and demands our attention for some meaningful congressional response. I think that is felt throughout Congress. Indeed, we should respond—just as we have responded previously in many other ways—but only if we can provide such a response in a way that is consistent with this committee's budget recommendation and within the limits of the budget totals for function 700 that will eventually be enacted by Congress in the pending first concurrent budget resolution for fiscal year 1984, and I strongly believe that we should be able to do that always and recognize that.

With that brief statement, we shall proceed and have today representatives of the Department of Labor, the VA, the American Legion, the VFW, the Disabled American Veterans, and I believe Senator Pressler may be coming for the hearing for a few moments to share with us some of his held views on this subject.

Do you have anything you would like to add, Al, at this time?

Senator **Cranston**. Yes; I have a rather brief statement.

I'm delighted to join in welcoming our distinguished witnesses and guests this morning to this hearing. I also want to thank you again, Al, for your courtesy in scheduling this hearing at a mutually convenient time.

Before us today is the issue I first raised at our committee meeting on March 1. At that time, the committee unanimously agreed to my motion to add $150 million to our recommendations to the Budget Committee in order to permit us the latitude to consider either a GI bill rate increase, as proposed in S. 9 which I introduced on January 26, or a veterans' employment and retraining initiative, such as that which I had under development at that time, or a combination of those two. Subsequently, on April 6, I introduced S. 992, the proposed "Veterans' Emergency Retraining Act of 1983," one of the two measures before us this morning.

Last week, the Senate Budget Committee approved our recommended $150 million add-on in its mark for VA programs.

Of course, we've still got the task of making certain that that $150 million survives the House-Senate conference, and I'll be doing all I can to see that it does.

In anticipation of there being room in the congressional budget for fiscal year 1984 for a veterans' emergency retraining program, I look forward to working together on its development with you, Mr. Chairman, and the other members of the committee. Just as we were able to agree to an excellent measure to improve VA health care and other programs earlier this morning, I very much hope we'll be able to work together to produce an effective retraining bill.

In this regard, I want to reemphasize three major points I made when I introduced S. 992 2 weeks ago. I will urge that these three points form the basis for this committee's consideration of legislation in this area.

First, the measure should be designed to be competitive with other federally funded, on-job training initiatives. This is particularly key to the success of the program: A potential employer, when faced with a choice, should not be discouraged from selecting a veteran for training because hiring a welfare recipient or a disadvantaged youth will be more advantageous to the employer.

Second, the program established should be relatively simple—both in terms of administration and in terms of facilitating the participation of both employers and veterans. We should avoid discouraging employers from participating by piling on excessive redtape and bureaucratic delays.

Finally—and I firmly believe this—the program should be established as an entitlement program, not as an authorization of appropriations. An authorization of appropriations to the Department of Labor would run a very significant risk of, first, being delayed or killed through referrals to other committees and, second, of not being funded or of being funded at a reduced level that would preclude many potentially eligible veterans or potential employers from participating.

I look forward to receiving the testimony of all of our witnesses this morning. I will have questions for each witness and questions to be answered for the record. I hope, Mr. Chairman, that we will be able to get responses to these legislative questions quickly from the agencies. Lately, as you know, we've again encountered major problems in this area. I'd think that, if we set a deadline of April 27—1 week from today—for answers, that would permit a sufficient period of time for responses to be prepared, transmitted, and reviewed. Would that be acceptable, Al, April 27, 1 week from today for time for responses?

Chairman SIMPSON. I believe that would.

Senator CRANSTON. Fine.

Chairman SIMPSON. Yes; I would accept that.

Senator CRANSTON. Thanks.

At this point, I'd like to ask that a copy of my bill, S. 992, along with my introductory remarks, be printed at an appropriate place in the hearing record.

Chairman SIMPSON. Without objection.

Senator CRANSTON. Thank you very much. That concludes my statement.

Chairman SIMPSON. Thank you very much, Al.

At this point in the record I would like to insert the written statements of Senators Strom Thurmond and Larry Pressler, the text of the bills S. 992 and S. 1033, the introductory statements of the authors, and the agency reports thereon.

[The statements, bills, and agency reports referred to above, follow:]

PREPARED STATEMENT OF HON. STROM THURMOND, A U.S. SENATOR FROM THE STATE OF SOUTH CAROLINA

MR. CHAIRMAN:

It is a pleasure to receive testimony on the several bills before this Committee that would establish a job training program to address the unemployment problems of our Nation's veterans.

I commend you, Mr. Chairman, for holding this hearing to consider the means by which we might address the unemployment problems of veterans. These problems have intensified during the Nation's period of high unemployment, and it does appear that emergency legislation is needed to assist veterans until our rebounding economy has fully recovered.

Mr. Chairman, I look forward to the testimony which we will receive today on S. 1033, the bill that you introduced, and S. 992, introduced by the distinguished Ranking Minority Member of this Committee. Without commenting on all the technical aspects of these bills, I will say that I support the provision of S. 1033 which places primary responsibility for administration of this job training program with the Secretary of Labor through the Assistant Secretary of Labor for Veterans' Employment and in consultation and cooperation with the Administrator of Veterans' Affairs. Additionally, I am concerned by the high cost of S. 992, preliminarily projected by the Congressional Budget Office to be nearly $1 billion over the 4-year life of the program. These are factors which I believe we must consider very carefully today and in the coming weeks as we mold an appropriate job training program.

Mr. Chairman, I want to welcome the distinguished witnesses who will testify today. I look forward to their testimony.

PREPARED STATEMENT OF HON. LARRY PRESSLER, A U.S. SENATOR FROM THE STATE OF SOUTH DAKOTA

MR. CHAIRMAN, I AM EXTREMELY PLEASED TO SEE THIS COMMITTEE AT WORK ON A JOBS PROGRAM FOR VETERANS. THIS IS LEGISLATION WHICH I HAVE PROMOTED FOR MANY YEARS, AND I AM HOPEFUL THAT THIS CONGRESS CAN FINALLY BE CONVINCED OF THE NECESSITY OF A PROGRAM OF THIS SORT.

THE FIRST PIECE OF LEGISLATION I INTRODUCED IN THE 97TH CONGRESS WAS S. 26, THE VIETNAM VETERANS READJUSTMENT, RECRUITMENT AND RETENTION ASSISTANCE ACT. THIS COMMITTEE HELD HEARINGS ON THE BILL IN JULY AND AUGUST OF 1981. THERE ARE GREAT SIMILARITIES BETWEEN THE IDEAS EMBODIED IN MY BILL AND THOSE IN THE BILLS NOW BEFORE THIS COMMITTEE, AND THIS IS VERY GRATIFYING TO NOTE.

AS A VIETNAM VETERAN, I HAVE LONG BEEN CONCERNED ABOUT THE EMPLOYMENT PROBLEMS OF MY FELLOW VETERANS. AT THE END OF MARCH OF THIS YEAR, THE UNEMPLOYMENT RATE FOR MALE VIETNAM VETERANS BETWEEN 25 AND 39 YEARS OF AGE WAS 11.6 PERCENT. THIS WAS EVEN HIGHER THAN THE NATIONAL RATE FOR THAT SAME PERIOD, WHICH WAS 10.8 PERCENT. CONSIDERING THE PREFERENCES SUPPOSEDLY GIVEN TO VETERANS IN HIRING, THIS RATE IS CLEARLY UNACCEPTABLE.

AMONG THE MANY PROBLEMS ENCOUNTERED BY VIETNAM VETERANS WHEN THEY RETURNED TO THIS COUNTRY WAS THE CHANGING WORK FORCE. MANY OF THE JOBS THEY HAD BEEN TRAINED TO DO NO LONGER EXISTED IN SUFFICIENT NUMBERS. PEOPLE WHO SUFFER FROM THIS DILEMMA ARE KNOWN AS THE "STRUCTURALLY UNEMPLOYED", AND THEY CURRENTLY MAKE UP ABOUT 50 PERCENT OF ALL UNEMPLOYED. FOR THIS REASON, I BELIEVE THAT A LARGE PART OF OUR EFFORT TO REDUCE UNEMPLOYMENT SHOULD FOCUS ON RETRAINING.

CRUCIAL TO THE RETRAINING EFFORT IS A PROVISION FOR REIMBURSEMENT OF RELOCATION COSTS. NONE OF THE BILLS NOW UNDER CONSIDERATION INCLUDES SUCH A PROVISION, BUT THIS IS CLEARLY AN ELEMENT THAT NEEDS TO BE ADDED. IT STANDS TO REASON THAT AN INDIVIDUAL WHO MUST BE RETRAINED BECAUSE OF A CHANGING JOB MARKET MAY ALSO FIND HIMSELF MISPLACED GEOGRAPHICALLY FOR THE NEW JOB HE IS TRAINED TO FILL. FOR THOSE WHO HAVE BEEN OUT OF WORK FOR SOME TIME, THE COST OF RELOCATING MAY BE BEYOND HIS OR HER MEANS. IT IS OBVIOUSLY NECESSARY TO PROVIDE ASSISTANCE FOR PERSONS IN THIS SITUATION, AND I WOULD HOPE THAT THE COMMITTEE WILL SEE FIT TO DO SO.

I WOULD ALSO STRONGLY ADVOCATE THAT THE RESPONSIBILITY FOR PAYMENTS ON BEHALF OF INDIVIDUAL VETERANS BE PLACED WITH THE VETERANS ADMINISTRATION, RATHER THAN WITH THE DEPARTMENT OF LABOR. THE VA ALREADY POSSESSES THE CAPABILITY FOR THIS FUNCTION, WHILE THE DEPARTMENT OF LABOR DOES NOT. IT WOULD BE WASTEFUL AND UNNECESSARY TO TRANSFER THIS JOB TO THE LABOR DEPARTMENT.

Along these same lines, it would be wise to use the resources already existing through the Vietnam Veterans Leadership Program and the Job Training Partnership Act. VVLP, which was created under the auspices of ACTION, has done an incredible job of creating links between Vietnam vets and major employers. These links should be used in developing jobs for the veterans to be retrained under this legislation. The JTPA establishes a system of approval mechanisms--such as the Private Industry Councils and prime sponsors--which should be used to speed implementation of any new jobs program.

Mr. Chairman, Aside from the changes I have recommended today, I would like to reiterate my great satisfaction that this Committee and the Budget Committee have recognized the need for a jobs program for veterans. Some of us have known this for a long time. It is sadly apparent to me that we owe these men and women more than we have given them so far. It is my hope that this Congress will act to approve an effective jobs program for veterans; it is clearly an idea whose time has come.

II

98TH CONGRESS
1ST SESSION

S. 992

To amend title 38, United States Code, to establish an emergency job retraining and employment program for veterans.

IN THE SENATE OF THE UNITED STATES

APRIL 6 (legislative day, APRIL 5), 1983

Mr. CRANSTON introduced the following bill; which was read twice and referred to the Committee on Veterans' Affairs

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A BILL

To amend title 38, United States Code, to establish an emergency job retraining and employment program for veterans.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the "Veterans Emergency Retraining Act of 1983".

SEC. 2. (a) Part III of title 38, United States Code, is amended by inserting after chapter 39 the following new chapter:

“CHAPTER 40—EMERGENCY RETRAINING ASSISTANCE

“SUBCHAPTER I—PURPOSE; DEFINITIONS

“Sec.
“1920. Purpose.
“1921. Definitions.

“SUBCHAPTER II—ENTITLEMENT AND PERIODS OF ELIGIBILITY

“1930. Entitlement.
“1931. Time limitation.
“1932. Certifications; determinations.

“SUBCHAPTER III—PARTICIPATION AND PAYMENTS

“1940. Applications; approval.
“1941. Payments on behalf of eligible veterans.

“SUBCHAPTER IV—APPROVAL OF PROGRAMS

“1950. Approval of training programs.
“1951. Training establishment.
“1952. Non-qualifying programs of training.
“1953. Relationship to other programs of assistance.
“1954. Suspension of payments.
“1955. Recovery of overpayments.

“SUBCHAPTER V—COORDINATION WITH OTHER AGENCIES

“1960. Coordination with the Department of Labor.
“1961. Coordination with the Small Business Administration.
“1962. Coordination with the Department of Education.

“SUBCHAPTER I—PURPOSE; DEFINITIONS

“§ 1920. Purpose

“It is the purpose of this chapter to provide assistance to veterans who have been unemployed for long periods of time or have job skills that have been rendered obsolete by advances in technology or other industrial changes and who need retraining in sustained-demand skill areas in order to obtain and retain employment.

“§ 1921. Definitions

“For purposes of this chapter—

"(1) The term 'Assistant Secretary' means the Assistant Secretary of Labor for Veterans' Employment.

"(2) The term 'educational institution' has the same meaning provided in section 1652(c) of this title.

"(3) The term 'eligible veteran' means a veteran who acquired entitlement to educational assistance benefits from the Veterans' Administration under a program enacted by the Servicemen's Readjustment Act of 1944, the Veterans' Readjustment Assistance Act of 1952, or the Veterans Readjustment Benefits Act of 1966 and who—

"(A) is unemployed and has been unemployed, as certified pursuant to section 932(b) of this title, for at least fifteen of the twenty weeks immediately preceding the date on which application for participation in a training program under this chapter is made, as determined in accordance with criteria used by the Bureau of Labor Statistics of the Department of Labor in defining individuals as unemployed; or

"(B)(i) is unemployed and has been terminated or laid-off from employment and is eligible for or has exhausted entitlement to unemployment compensation; and "(ii) has no realistic opportunity to return to employment in the same or a similar occupation in the geographical area where the veteran previously held employment.

"(4) The term 'Secretary' means the Secretary of Labor.

"(5) The term 'sustained-demand skill area' means an area of the labor market which, as determined pursuant to section 1932(a) of this title, has a high potential for sustained growth or demand.

"SUBCHAPTER II—ENTITLEMENT AND PERIODS OF ELIGIBILITY

"§ 1930. Entitlement

"(a) Except as provided in subsection (b) of this section, an eligible veteran shall be entitled to participate in a training program in a sustained-demand skill area for a period of up to twelve months.

"(b) A period of participation in a training program may be extended by the Administrator for a period of up to six additional months in the case of a veteran with a service-connected disability rated at 30 per centum or more.

"§ 1931. Time limitation

"No retraining assistance shall be paid under this chapter for a training program that commences after the last day of the thirtieth month following the month in which this chapter is enacted.

"§ 1932. Certifications; determinations

"(a) The Secretary (notwithstanding the provisions of section 1960(a) of this title), after consultation with the Administrator, the Secretary of Commerce, the Assistant Secretary, and such other officials of the Department of Labor as the Secretary considers appropriate, shall determine areas in the various regions of the United States of the labor market that constitute sustained-demand skill areas. A list of such areas shall be submitted by the Secretary to the Administrator not later than thirty days after the date of enactment of this chapter and shall be updated by the Secretary as necessary from time to time. The list and any subsequent additions and deletions shall be promptly published by the Secretary in the Federal Register.

"(b) The Secretary shall have the responsibility for certifying that a veteran meets the criteria set forth in clauses (A) and (B) of section 1921(3).

"SUBCHAPTER III—PARTICIPATION AND PAYMENTS

"§ 1940. Applications; approval

"Any eligible veteran who desires to participate in a training program under this chapter shall submit an application to the Administrator which shall specify the training objective to be pursued and shall be in such form, and contain such information, as the Administrator shall prescribe. The Administrator shall approve such application unless the Administrator finds that (1) such veteran is not entitled to have retaining assistance paid on such veteran's behalf, (2) such veteran's selected training program fails to meet any requirement of this chapter, or (3) such veteran is already qualified by reason of previous education, employment, or training for the training objective.

"§ 1941. Payments on behalf of eligible veterans

"(a)(1) Subject to subsection (b) of this section, the Administrator shall make quarterly retraining assistance payments to an employer of an eligible veteran participating in an approved training program under this chapter. Except as provided in paragraph (2) of this subsection, the total amount of such payments shall, during the period of such veteran's training, equal 50 per centum of the wages paid by the employer to such veteran or be calculated at an annual rate of $6,000, whichever is the lesser. Such quarterly payments shall be deemed to be in compensation for the extraordinary costs associated with training such veteran under this chapter and in compensation for the costs associated with the reduced productivity of such veteran during the training period.

"(2) Notwithstanding the second sentence of paragraph (1) of this subsection, in the case of an eligible veteran with a service-connected disability rated at 30 per centum or more, the total amount of quarterly payments to an employer shall equal 50 per centum of the wages paid by the employer to such veteran or be calculated at an annual rate of $9,000, whichever is the lesser.

"(b) Payment under this chapter may not be made on behalf of an eligible veteran to an employer for any quarter until the Administrator has received—

"(1) from the veteran, a certification as to the veteran's actual employment and training with the employer during the preceding quarter; and

"(2) from the employer, a certification as to the veteran's employment by and satisfactory pursuit of a training program provided by the employer during such quarter and the wages paid to the veteran by the employer during such quarter.

"SUBCHAPTER IV—TRAINING PROGRAMS

"§ 1950. Approval of training programs

"(a) A quarterly retraining assistance payment may be made on behalf of an eligible veteran to an employer only if such employer employs such veteran and such veteran is participating in a training program that is provided by such employer and is approved in accordance with the provisions of this chapter.

"(b)(1) Except as provided in paragraph (2) of this subsection, in order for a training program to be approved for the payment of retraining assistance, the employer offering such program shall submit a written application to the Administrator. Such application shall contain a certification—

"(A) of the training objective to be pursued, the total number of hours of training to be provided, and the content of the training program;

"(B) that the wages and benefits to be paid to an eligible veteran participating in such training program are not less than the wages and benefits normally paid by the employer to employees participating in such program;

"(C) that the employer has planned for the employment of the veteran in a position for which the veteran is to be trained and that the employer has no reason to expect that that position will not be available to such veteran at the end of the training period;

"(D) that no currently employed worker will be displaced (including partially displaced, such as through a reduction in nonovertime work hours, wages, or benefits), or laid-off workers prevented from recall, as a result of either the establishment of the training program and the participation of such veteran in such program or the subsequent employment of such veteran;

"(E) that the training content of the program is adequate to qualify an eligible veteran participating in such program generally for a job in the field for which training is to be provided and specifically for the position for which the veteran is being trained;

"(F) that the field or job for which training is to be provided customarily requires full-time training for a period of not less than six months;

"(G) that the length of the training period under the program is not longer than the length of programs that employers in the community customarily require new employees to complete in order to be competent in such field or job; and

"(H) that records needed to determine compliance with the requirements of this chapter will be maintained by the employer and will be available at reasonable times for examination by authorized representatives of the Federal Government.

"(2) For the purposes of this subsection, approval of a program of apprenticeship or other on-job training for the purposes of section 1787 of this title shall meet all requirements for approval of such program under this chapter.

"§ 1951. Training establishments

"Any employer may enter into an arrangement or agreement with an educational institution that has been approved for the enrollment of veterans under chapter 34 of this title in order that such institution may provide the training program (or a portion thereof) under this chapter. When such an arrangement or agreement has been entered into, the application of the employer shall so state and set forth a description of the training to be so provided.

"§ 1952. Nonqualifying programs of training

"No assistance under this chapter may be paid on behalf of a veteran participating in a program of training—

"(1) for employment in a seasonal, intermittent, or temporary job;

"(2) for employment under which commissions are the primary source of income;

"(3) for employment which involves political or religious activities; or

"(4) if the training program will not be carried out in the United States.

"§ 1953. Relationship to other programs of assistance

"(a) No assistance under this chapter may be paid on behalf of an eligible veteran if—

"(1) such veteran is receiving a monthly training assistance allowance pursuant to section 1787 of this title; or

"(2) the employer is receiving any other form of assistance (including a tax credit) from the Federal

Government on account of the training or employment of such veteran.

"(b) In the case of an eligible veteran participating in both a training program under this chapter and a vocational rehabilitation program under chapter 31 of this title, the provisions of section 1508(c)(1) of this title shall apply to the employer to which retraining assistance is payable under this chapter, and the wages and benefits paid to such veteran by such employer shall be considered income paid to the veteran for purposes of such provisions.

"(c) Assistance under chapter 34 or 36 of this title may not be paid to a veteran in connection with such veteran's participation in a training program under this chapter.

"§ 1954. Suspension of payments

"If the Administrator finds that a program of training approved under this chapter fails to meet any of the requirements of this chapter, the Administrator may immediately suspend the payment of retraining assistance on behalf of an eligible veteran participating in such program. The employer and any educational institution conducting, and each eligible veteran participating in, such program shall each be notified immediately of such suspension by a certified or registered letter (return receipt requested).

"§ 1955. Recovery of overpayments

"(a) Whenever the Administrator finds that an overpayment of retraining assistance under this chapter has been made to an employer on behalf of an eligible veteran as a result of the willful or negligent false certification by an employer, the amount of such overpayment shall constitute a liability of the employer to the United States.

"(b) Whenever the Administrator finds that an overpayment of retraining assistance under this chapter has been made to an employer on behalf of an eligible veteran as a result of the willful or negligent false certification by a veteran, the amount of such overpayment shall constitute a liability of the veteran to the United States.

"(c)(1) Any overpayment referred to in subsection (a) or (b) of this section may be recovered in the same manner as any other debt due the United States.

"(2) Nothing in this section or any other provision of this title shall be construed as precluding the imposition of any civil or criminal liability under this title or any other law with respect to such an overpayment.

"SUBCHAPTER V—COORDINATION WITH OTHER AGENCIES

"§ 1960. Coordination with the Department of Labor

"(a) Except as otherwise permitted in section 1932(a) of this title, the Secretary shall carry out the Secretary's responsibilities under this chapter through the Assistant Secretary.

"(b) The Administrator shall carry out the provisions of this chapter in consultation and coordination with the Secretary, and the Administrator and the Secretary shall jointly conduct an outreach and public information program designed to—

"(1) inform eligible veterans about opportunities for training under this chapter; and

"(2) inform private industry and business concerns (including small business concerns), educational institutions, trade associations, and labor unions of opportunities under this chapter, and to encourage employers and unions to make training programs available for eligible veterans.

"(c) The Secretary, in consultation and cooperation with the Administrator, shall assist veterans and employers desiring to participate under this chapter in making application and completing necessary certifications. In carrying out this responsibility, the Secretary shall use the services of State and Assistant State Directors for Veterans' Employment, disabled veterans' outreach program specialists, and employees of local offices appointed pursuant to sections 2203, 2003A, and 2004 of this title. The Secretary shall also use such resources as are available under title IV-C of the Job Training Partnership Act.

"§ 1961. Coordination with the Small Business Administration

"The Administrator shall request and obtain from the Administrator of the Small Business Administration a listing of small business concerns, particularly new small business concerns in sectors of the economy which have a high potential for sustained demand or growth, and, on a regular basis, updated such listings. Such listings shall be used to identify and promote possible training and employment opportunities for eligible veterans.

"§ 1962. Coordination with the Department of Education

"The Administrator, in consultation and cooperation with the Secretary of Education, shall take appropriate actions to advise educational institutions of the opportunities made available to veterans under this chapter and the opportunity for such institutions to enter into agreements or arrangements with employers pursuant to section 1951 of this title.".

(b) The table of chapters at the beginning of such title and at the beginning of part III of such title are each amended by inserting after the item relating to chapter 39 the following new item:

"40. Emergency Retraining Assistance .... 1920".

SEC. 3. The amendments made by this Act shall take effect on October 1, 1983.

[From the Congressional Record, vol. 129, No. 41, pp. S4200-S4202—Senate, Apr. 6, 1983]

VETERANS EMERGENCY RETRAINING ACT OF 1983

Mr. CRANSTON. Mr. President, I am introducing today, as the ranking minority member of the Committee on Veterans' Affairs, S. 992, the proposed Veterans Emergency Retraining Act of 1983. This measure would amend title 38, United States Code, to establish an emergency job retraining and employment program for veterans.

DESCRIPTION OF S. 992: "VERA"

Eligibility: The proposed Veterans Emergency Retraining Act—VERA—would focus on the needs of two categories of wartime veterans: those who are long-term unemployed—that is, those who have been out of work for 15 out of 20 weeks preceding application for the program—and veterans who have been laid off or terminated from a job to which they are unlikely to be able to return. These veterans would be entitled to participate in the program established by VERA for up to 12-month; service-connected disabled veterans with disability ratings of 30 percent or more could have that 12 months period extended by an additional 6 months. All veterans who had ever obtained entitlement to GI bill training—under the World War II, Korean conflict, or post-Korea/Vietnam-era GI-bill programs—would be eligible for the program.

Duration: The program established by VERA would be of a limited duration, similar to the fixed-time extension of the delimiting period of certain Vietnam-era veterans enacted by Public Law 97-72 in 1981—the so-called targeted delimiting date authority. Under VERA, no assistance could be made available on behalf of a veteran for a training program that does not start within 30 months following the month in which VERA is enacted.

Training programs: Training programs eligible for approval under VERA would be those in "sustained-demand skill areas"—that is, areas of the labor market determined by the Secretary of Labor to have a high potential for sustained growth of demand. These areas could include, but would not necessarily be limited to, high-technology-related sectors. It should be noted in this regard that many "sustained-demand" job training opportunities might be found in more traditional areas, depending on the locale and particular labor markets. That jobs would not be limited to so-called high tech areas is aptly illustrated by the following excerpt from a March 30, 1983, Wall Street Journal article describing an on-job training program in the Detroit, Mich., area that pays employers half of employee wages during training:

"The agency combs the local job market for openings that require the newly learned skills. Michael White got a job maintaining apartments soon after completing a course in building management, and he has already gotten an offer for the type of management job that would restore the income he made as an auto worker.

Most of those who have retrained successfully have found jobs in traditional heart-land industries working as machinists, welders and pipefitters. By contrast, high-technology jobs are proving elusive. Just four of 25 workers who completed a nine-month robotics course in December have found jobs."

Approvable training programs could be programs conducted by educational institutions under arrangements or agreements with employers as well as training programs, including on-the-job training, conducted by the employer directly. In addition, all programs that are VA-approved for apprenticeship or other on-job training purposes under the current GI bill, chapter 34, would be considered to be approved for this new program.

Payments: Under VERA, Mr. President, employees hiring and training eligible veterans in approved training programs would receive quarterly payments of "retraining assistance" on behalf of the veteran. These payments would be made after each 3 months of training was certified and be the lesser of the following amounts: 50 percent of the wages paid to the veteran by the employer or an amount based on an annual rate of $6,000—or, in the case of a 30-percent or more service-connected disabled veteran, on an annual rate of $9,000. These payments would be deemed to compensate the employer for the costs of training the veteran and for the reduced productivity of the veteran during the training period.

Protections: The criteria for approving training programs under VERA, Mr. President, as set forth in proposed new section 1950(b) of title 38, are designed to protect the integrity of the training while at the same time not to be onerous for potential employers. Protections have been incorporated to avoid "substitution"—that is, an employer creating an artificial vacancy by laying off a regular employee so as to take advantage of the retraining assistance payment—and to help insure that the training leads to a permanent job. Other standard prohibitions on certain types of training for jobs that are seasonal, religious, or political in nature and limitations on receipt of assistance under other programs are included in new sections 1952 and 1953, respectively. Liability for and recovery of overpayments have been provided for in new section 1955.

IMPLEMENTATION PROCEDURES

Mr. President, under the proposed VERA, the VA and the Department of Labor would have interrelated responsibilities for implementing the program. The VA would be responsible for the actual payment to employers of the quarterly retraining assistance after each 3 months of training. Together, the Administrator and the ASVE would be required to conduct public information and outreach initiatives to inform veterans and employers, as well as unions, trade associations, and educational institutions of opportunities made available by VERA and to stimulate business, union, and eligible veteran participation. Coordination with both the Small Business Administration and the Department of Education would also be required so that maximum training and employment opportunities could be made available for eligible veterans.

The Department of Labor would have responsibility for certifying that eligible veterans meet the criteria pertaining to unemployment and that the jobs are in "sustained-demand skill areas" and for assisting employers and eligible veterans in completing necessary certifications and applications for training. In carrying out these responsibilities, the Secretary, through the Assistant Secretary for Veterans' Employment—the ASVE—would be required to use the services of the State and assistant State directors for veterans' employment, disabled veterans' outreach program specialists, and local veterans employment representatives. The ASVE could also use resources available under title IV-C, veterans' employment programs, of the Job Training Partnership Act.

PRINCIPLES OF VERA

I want at this point, Mr. President, to stress that VERA would establish an entitlement program and not merely provide an authorization of appropriations. I believe that an authorization of appropriations would run a very significant risk of never being funded or being funded at a reduced level that would not permit all potentially eligible veterans or potential employers to take advantage of opportunities that VERA could stimulate in the private sector. An entitlement approach insures that, if enacted, this measure would not become a broken promise, but would be a real means of assisting veterans in a difficult and changing labor market.

In addition, I want to note that VERA has been developed with two other fundamental principles in mind. First, the program established has been designed to be relatively simple—both in terms of administration and in terms of facilitating the participation of both employers and veterans. Second, VERA has been designed to be competitive with other federally funded job training or retraining initiatives, such as those to be conducted under the Job Training Partnership Act. I believe that this is especially important to the success of the program; a potential employer, when faced with a choice, should not be discouraged from selecting a veteran for training because training a welfare recipient or a disadvantaged youth will be more advantageous to the employer.

NEED FOR VERA

Based on extrapolations of labor market information, assuming that veterans comprise roughly 20 percent of the civilian labor force, it can be estimated that between 700,000 and 800,000 veterans could potentially be eligible for participation in the program that would be established by VERA. Of course, that does not mean that all or even most of these veterans would choose to take advantage of the program or that employers could be found who would offer training opportunities in sustained-demand skill areas for all the veterans eligible for and seeking to participate in the program. My best estimate at this point is that up to 50,000 veterans could be retrained during the first year.

There are no firm unemployment figures available for the target population that VERA would serve. There are figures available, however, for certain segments of the targets population; that is, those veterans who served during the Vietnam era. In March of this year, the rate of unemployment for all Vietnam-era veterans age 25 and older was 10.7 percent. For Vietnam-era veterans 25 through 29 years of age, the rate was a devastatingly high 19.8 percent. There are also projections that unemployment rates among seriously disabled service-connected veterans are in excess of 50 percent.

FURTHER ACTION WITH REGARD TO VETERANS' RADIATION EXPOSURE

Mr. President, with further regard to veterans exposure to ionizing radiation, I would like to provide a brief update on the status of various concerns to veterans which were discussed at this morning's hearing before the Veterans' Affairs Committee, on which I serve as ranking Democrat.

In addition to being concerned about claims for compensation, many veterans exposed to ionizing radiation are in need of health care for conditions which may be related to this exposure. Public Law 97-72, enacted November 3, 1981, contained provisions, which I authored, authorizing the VA to provide health care to veterans for disabilities which may be related to their exposure to radiation or agent orange.

Unfortunately, although the VA guidelines for implementing those provisions carried out congressional intent appropriately with respect to agent orange, they were unduly restrictive with respect to veterans who were exposed to radiation. Having raised the concerns I had in this regard with the Chief Medical Director and both the previous and current Administrator's, I was gratified when Administrator Walters indicated in a February 18 letter to me that the discrepancy was going to be eliminated. The VA witness' prepared statements at this morning's hearing reiterated the VA's intent to "amend the guidelines to allow treatment of all conditions except for those which are known to have causes other than radiation exposure" just as the underlying law provides.

Indeed, the Deputy Chief Medical Director issued these guidelines just this morning.

But, there can hardly be euphoria over the VA's grudging agreement—17 months after the law was enacted and only after repeated urging—to carry out the law as Congress intended. Other concessions—such as consideration of a morbidity study, development of a radiation effects desk reference, and activating consultations with outside experts—have recently been hard won, but only under the pressure of these forthcoming hearings. This recent progress is, nonetheless, a tribute to Harry Walters, and I want publicly to acknowledge that.

Mr. President, I ask unanimous consent that my exchanges of correspondence with the Chief Medical Director and the present and former Administrators of Veterans' Affairs on the subject of the implementation of Public Law 97-72 and other radiation—exposure issues, as well as the just-issued VA health-care guidelines on this law, be printed in the RECORD at the conclusion of my remarks.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. CRANSTON. Mr. President, the need for skill-retraining for many veterans is most critical. In the face of basic changes in industrial technology, equipment, and processes, even the experienced worker of today can easily become the unemployable jobseeker of tomorrow. The situation obviously is worse for those already unemployed, and especially the veteran who has been out of work for a prolonged period.

Structural changes in the labor market have already forced many Americans, including many veterans, out of jobs they have worked at for years. The robot, the computer, and other "high-tech" developments have made many traditional skills obsolete and useless.

The unemployed automobile assembly line worker, the coal miner, the steelworker, and others may not ever be able to return to their former jobs even when the economy once again is strong and healthy. The jobs may no longer exist.

But these same workers could well be retrained to master new skills in greater demand not only in "smokestack" industries, which will continue to form the foundation of the American economy, but also in the high technology semiconductor industries.

The measure we are introducing today, Mr. President, represents one way in which we can assist these Americans—particularly those who served this country during time of war and who are now experiencing protracted difficulties in the labor market. Many of those veterans still have many productive working years ahead of them and need only a small measure of assistance to make the most of their potential. The assistance available through VERA would represent an invaluable means of helping both the veterans participating in training and the employer.

COST

Mr. President, we have not yet received a cost estimate from the Congressional Budget Office for this proposal, However, it is my intent that this measure would be structured so as to fall within the $150 million budget recommendation approved unanimously by the Veterans' Affairs Committee on March 1. As with other GI bill expenditures, I believe that retraining outlays under this measure would be returned many fold to the Treasury in taxes paid directly by the retrained workers and generated indirectly by the contribution to GNP that their increased productivity would make.

CONCLUSION

Mr. President, I intend to pursue actively the enactment of the proposal I am introducing today. In my opinion, it represents a critical element in the broader retraining needs of our Nation and would make an important contribution to efforts in this area. I will, of course, work closely with the distinguished Chairman of the Veterans' Affairs Committee (Mr. SIMPSON), the members of the committee, and others who are interested in this area. I urge my colleagues to join with me in this initiative.

* * * * * * *

[No. 15]

COMMITTEE ON VETERANS' AFFAIRS, U.S. SENATE

Office of the
Administrator
of Veterans Affairs

Washington, D.C. 20420

Veterans
Administration

APRIL 27 1983

Honorable Alan K. Simpson
Chairman, Committee on
Veterans' Affairs
United States Senate
Washington D. C. 20510

Dear Mr. Chairman:

This will respond to your request for the views of the Veterans Administration on S. 992, 98th Congress, a bill cited as the "Veterans Emergency Retraining Act of 1983." The Administration opposes the enactment of S. 992. Public Law 98-8, the comprehensive jobs bill, was recently enacted into law providing a substantial sum from the Federal budget for providing jobs for our general population and that measure should be given a chance to work before any further jobs bills are favorably considered.

This measure proposes to establish a new emergency retraining program for those veterans who have been unemployed for long periods of time, or who have job skills that have been rendered obsolete by advances in technology or other industrial changes, and who need retraining in sustained-demand skill areas in order to obtain and retain employment.

Veterans who would be eligible under this new program would be those who acquired entitlement to educational assistance benefits under the World War II, Korean conflict, and Vietnam era GI Bill programs. The veteran (1) must have been unemployed for at least 15 out of the 20 weeks immediately preceding the date on which the veteran applies for assistance under the new program, or (2) is unemployed and has been terminated or laid-off from employment, and is eligible for or has exhausted entitlement to unemployment compensation, and has no realistic opportunity to return to employment in the same or a similar occupation in the geographical area where the veteran previously held employment.

Eligible veterans would be permitted to participate in a training program in a "sustained-skill" area for a period up to 12 months, or for an additional period of up to 6 months where the veteran is disabled due to a service-connected disability rated at 30 percent or more.

The proposal would become effective on October 1, 1983. Programs of training may not be commenced after the last day of the 30th month following the month in which the measure is enacted with training assistance barred for any program which commences after that period of time. Eligible veterans who wish to participate, as well as employers who wish to provide training programs, must file an application with the Administrator and provide data determined necessary by the Administrator. The veteran's application shall be approved unless the Administrator finds (1) the veteran is not entitled to assistance, (2) the training program fails to meet necessary requirements, or (3) the veteran is already qualified for the training objective.

Payment will be made quarterly to employers participating in the program. The total amount of the payment shall equal 50 percent of the wages paid by the employer or calculated at an annual rate of $6,000, whichever is lesser. In the case of veterans who are disabled 30 percent or more, the payment shall be equal to 50 percent of the wages paid or calculated at an annual rate of $9,000, whichever is lesser.

Payments may not be made until the Administrator has received a certification from the veteran as to his or her actual employment and training during that quarter, and a certification from the employer as to the veteran's employment and satisfactory pursuit of a training program provided by the employer during the quarter as well as the amount of the wages paid the veteran.

A training program must meet certain specific criteria in order to be approved. These include: (1) the training objective, the hours to be trained, and the content of the program; (2) assurance the wages are not less than those customarily paid for such a program; (3) the employer has planned for employment of the veteran following the end of the training period; (4) no currently employed worker will be displaced; (5) the training content of the program will qualify the veteran for a job in the field for which trained; (6) the field or job requires full-time training of not less than 6 months; (7) the length of the training program is not less than customarily required for the job; and (8) necessary records are kept by the employer.

Employers would be permitted to enter into agreements with educational institutions approved for GI Bill purposes to provide all or a portion of the training program. Certain types of programs would be barred including (1) employment in seasonal, intermittent, or temporary jobs; (2) commission-type jobs; (3) political or religious activities; or (4) training outside the United States. Payments may be suspended where the Administrator finds the program fails to meet any of its requirements and, in such a case, the employer, school, and veteran must be notified. Where an overpayment to an employer on behalf of a veteran is the result of a willful or negligent false certification by an employer, or is the result of a similar false certification by the veteran, any overpayment shall be considered a liability of the employer or veteran to the United States and may be recovered in the same manner as any other debt.

No assistance would be payable under the new program where the veteran is pursuing an on-job or apprentice training program under the current GI Bill program or where the employer is receiving any other form of assistance from the Federal Government on account of the training or employment of the veteran. Where a veteran is pursuing a program of vocational rehabilitation under chapter 31 of title 38, United States Code, and is also pursuing a program under the new proposal, the provisions of section 1508(c)(1) of chapter 31 would be for application. Under that section, the wages paid to the veteran by the employer together with the subsistence allowance payable under that chapter may not exceed the journeyman's wage rate, and, if it does, adjustments will be made in the subsistence allowance paid the veteran under chapter 31. No assistance may be paid under the new program concurrently with benefits being paid the veteran under the GI Bill program where the training and the educational pursuits are related.

The responsibilities of the Secretary of Labor shall, for the most part, be carried out through the Assistant Secretary for Veterans' Employment. The Administrator, in consultation and coordination with the Secretary of Labor, shall conduct an outreach and public information program to inform eligible veterans and potential employers of the opportunities under the new program. The Secretary of Labor, in consultation with the Administrator, shall assist veterans and employers in making applications and completing necessary certifications. Services of State and Assistant State Directors for Veterans' Employment, the Disabled Veterans' Outreach Program (DVOP), and resources under the Job Training Partnership Act would also be utilized. The Administrator would, in addition, be called upon to coordinate with the Small Business Administration to obtain listings of small business concerns and with the Department of Education to assure that schools are notified of the new program.

As was previously stated, the Administration opposes the enactment of this jobs bill. Although Public Law 98-8 did not include a specific set-aside for veterans, we are confident, since veterans comprise a large segment of our population, that they will be aided by the new program.

Under the provisions of section 2012 of title 38, Federal contractors entering into contracts for $10,000 or more with any Federal department or agency are required to take affirmative action to employ disabled and Vietnam era veterans. We contemplate taking a sample to determine the number of veterans who have been employed by Federal contractors to provide maintenance and repair work in our hospitals in conjunction with the VA portion of the new, comprehensive jobs program recently enacted in Public Law 98-8.

We also believe that many of the disabled veterans who would be included in S. 992 could be assisted through our vocational rehabilitation program. We now have authority to directly place in jobs those veterans who have trained not only under our rehabilitation program, but those veterans who have been assisted under the Rehabilitation Act and who are determined to be employable.

Under the authority given us in chapter 31, a major responsibility of the VA under our vocational rehabilitation program is the development of a comprehensive plan known as an Individualized Employment Assistance Plan (IEAP) which identifies specific services and benefits which the veteran may receive during an employment assistance period of up to 18 months. Approximately 4,000 such IEAPs were prepared during Fiscal Year 1982, and 89 percent of those individuals for which a plan was prepared were confirmed in suitable employment.

We would add that veterans who train under our vocational rehabilitation program also have available to them a variety of services in addition to the job placement aid. These include needed medical services, supplies needed by veterans in obtaining needed licensures, and on-job training during which time veterans receive a subsistence allowance from the VA.

Another point which should be emphasized is that last summer the VA and Department of Labor entered into a comprehensive agreement covering coordination between the two agencies in providing employment assistance not only for our vocational rehabilitation trainees, but for other veterans as well. Under this new comprehensive agreement we work with the State Employment Service Agency, including close coordination with the Disabled Veterans Outreach Program (DVOP).

Current law provides several employment advantages for veterans. For example, chapters 41 and 42 of title 38, United States Code, give veterans priority referral to jobs listed with employment services and require all Government contractors to take affirmative action to employ disabled veterans.

In addition, the Administration already supports several initiatives that will serve veterans in need of retraining and jobs. The Job Training Partnership Act (JTPA) passed last year will provide training and retraining of those experiencing difficulty in the labor market. The JTPA starts a new program of assistance to experienced workers who lose their jobs due to plant closings or technological change; affected veterans will be eligible for retraining and relocation assistance under this program. JTPA also establishes a set-aside for a Veterans' Employment Program whereby programs will be conducted to meet the employment and training needs of service-connected disabled veterans, veterans of the Vietnam era, and veterans who are recently separated from military service. Implementation of this program, which becomes effective October 1, 1983, is on schedule.

Other job-finding assistance is available through the provisions of the Targeted Jobs Tax Credit. Employers who hire economically disadvantaged and disabled Vietnam era veterans are eligible for a tax credit of 50 percent of the first $6,000 in wages paid for the first year on the job, and 25 percent of the first $6,000 paid for the second.

These are just some of the examples of the range of services already available to help veterans improve their labor market situation.

You asked that we provide you with our analysis of some of the problems which we foresee should S. 992 be enacted.

First, the bill provides for participation in the program for a period up to 12 months with discretion given the Administrator to extend this an additional 6 months for those veterans who have service-connected disability ratings of 30 percent or more. We would suggest that in certain cases some nondisabled veterans, pursuing specific types of training, could require a longer period of time. This has been our experience in administering the on-job and apprenticeship training programs under our GI Bill programs. The Committee may wish to consider allowing up to a maximum of 18 months in exceptional cases where it is determined that this amount of training is required to place the veteran into an employment status where he or she can be assured of permanent, long-term employment.

Second, we question whether it is advisable to provide as long a period of time for the program as is set forth in S. 992, which would take us into Fiscal Year 1987. We would suggest that consideration be given to setting a shorter time span on the program.

Third, we are of the view that the certification and determination requirements set forth in proposed section 1932 are too cumbersome. We believe that a great deal of the data which would be required to be furnished the Secretary of Labor is already available and that the detailed requirements provided in that section should be reviewed and modified where deemed appropriate.

Fourth, we believe that further consideration needs to be given to the language presently contained in proposed section 1941(a)(1). That language states that the quarterly payments made under the program "shall be deemed to be in compensation for the extraordinary costs associated with training such veterans . . . ." It is not clear as to what these extraordinary costs encompass. We note that the measure does not include any provision for assisting in defraying the cost of removing certain architectural barriers encountered in a work site by some disabled individuals. Possibly this could be included in the language cited above. In any event, if this is what is intended, we believe the language should be clarified and some limitation or ceiling be included with regard to assisting employers in this area.

Finally, provision should be included in section 1953(b) to bar concurrent payment of benefits under the new program and under our vocational rehabilitation program. We realize, of course, that provision has been made for requiring the wages and benefits paid under the proposed program be taken into consideration with the subsistence allowance paid veterans under the vocational rehabilitation program with reductions to occur in this latter allowance. Nevertheless, we believe it would be more appropriate to bar the concurrent payment of these benefits. We would also point out that we believe that many of the disabled veterans included in the S. 992 program could be better assisted under our present program rather than have them in the new program.

It is estimated that enactment of S. 992 would result in additional direct benefits cost of $45 million in Fiscal Year 1984 and in additional direct benefits cost over the first 5 fiscal years of $630 million. It is also estimated that enactment of the bill would result in additional administrative costs in Fiscal Year 1984 of $3,851,000 and in additional administrative costs over the first 5 fiscal years of $20,133,000.

For the reasons set forth above, the Administration opposes the enactment of S. 992.

This report has described some of the programs and initiatives the Administration is actively supporting in its efforts to aid the veteran population. In addition, the Administration continues to be committed to enforcing veterans' preference where applicable and other regulations promoting veterans' employment opportunities. For example, the Administration is working with State employment services and the Disabled American Veterans to promote hiring of 30 percent or more disabled veterans. Also, the Office of Personnel Management is launching a new training course for Agency, EEO, and staff officials to promote hiring of veterans--merit staffing and employee relations as they relate to veterans' preference, veterans' readjustment appointments, affirmative action for disabled veterans, and the Veterans' Training Program.

We have been advised by the Office of Management and Budget that there is no objection to the submission of this report to the Congress, and enactment of S. 992 would not be in accord with the program of the President.

Sincerely,

Everett Alvarez, Jr.

HARRY N. WALTERS
Administrator

Deputy Administrator For

[No. 20]

COMMITTEE ON VETERANS' AFFAIRS, U.S. SENATE

EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET
WASHINGTON, D.C. [illegible]

MAY 5 1983

Honorable Alan K. Simpson
Chairman
Committee on Veterans' Affairs
United States Senate
Washington, D.C. 20510

Dear Mr. Chairman:

This is in reply to your request of April 12, 1983, for the views of this Office on S. 992, the "Veterans Emergency Retraining Act of 1983".

In its report to your Committee on S. 992, the Veterans Administration (VA) indicated that the Administration opposes the enactment of S. 992. The VA report noted that Public Law 98-8, the comprehensive jobs bill, was recently enacted into law providing a substantial sum from the Federal budget for providing jobs for our general population; that measure should be given a chance to work before any further jobs bills are favorably considered.

In addition, as the VA report mentioned, the Administration already supports various activities serving veterans in need of retraining and jobs; e.g., the VA vocational rehabilitation program, the Job Training Partnership Act, and the Targeted Jobs Tax Credit. Moreover, the Administration remains committed to enforcing veterans' preference where applicable and other regulations promoting veterans' employment opportunities.

The Office of Management and Budget concurs in the views expressed by VA in its report and, accordingly, opposes enactment of S. 992. Enactment of this bill would not be in accord with the program of the President.

Sincerely,

James M. Frey

James M. Frey
Assistant Director for
Legislative Reference

II

98TH CONGRESS
1ST SESSION

S. 1033

To amend title 38, United States Code, to establish an emergency job training program for wartime veterans.

IN THE SENATE OF THE UNITED STATES

APRIL 12, 1983

Mr. SIMPSON introduced the following bill; which was read twice and referred to the Committee on Veterans' Affairs

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A BILL

To amend title 38, United States Code, to establish an emergency job training program for wartime veterans.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the "Veterans' Emergency Job Training Act".

SEC. 2. (a) Title 38, United States Code, is amended by inserting after chapter 43 the following new chapter:

"CHAPTER 44—VETERANS' EMERGENCY JOB TRAINING PROGRAM

"Sec.
"2101. Purpose.
"2102. Establishment of program.
"2103. Eligibility; application; certification.
"2104. Employer job training programs.

"2105. Approval of programs.
"2106. Payments to employers.
"2107. Discontinuance of payments for unsatisfactory conduct or progress.
"2108. Discontinuance of approval of employer programs; recoupment; penalties.
"2109. Duties of the Secretary of Labor.
"2110. Veterans information and outreach
"2111. Inspection of records.
"2112. Termination of program.

"§ 2101. Purpose

"The purpose of this chapter is to address the increasingly severe problem of unemployment among veterans by providing incentives to employers, in the form of partial defrayal of the costs of training, to hire veterans who served during a period of hostilities, for positions that involve significant training or retraining.

"§ 2102. Establishment of program

"The Secretary of Labor and the Administrator shall carry out a program in accordance with the provisons of this chapter to assist eligible veterans in obtaining employment in jobs providing significant training opportunities. Assistance under the program shall be in the form of payments to employers employing eligible veterans in jobs involving significant training in order to assist such employers in partially defraying the cost of the training.

"§ 2103. Eligibility; application; certification

"(a) For the purpose of this chapter, an eligible veteran is a veteran who—

"(1) meets the service requirements of section 521(j) of this title;

"(2) has been unemployed for fifteen or more consecutive weeks at the time of applying for participation in a program under subsection (d) of this section. For the purposes of this paragraph, a veteran shall be considered unemployed when the veteran is without a job and wants and is available for work. The determination of whether a veteran is without a job shall be made in accordance with the criteria used by the Bureau of Labor Statistics of the Department of Labor in defining individuals as unemployed.

"(b) A veteran may not receive assistance under this chapter and under either chapter 31, 32, or 34 of this title, or the Job Training Partnership Act (96 Stat. 1322; 29 U.S.C. 1501 et seq.), for the same period.

"(c) An eligible veteran who desires to undertake a program of job training under this chapter shall submit an application to the Secretary of Labor in such form and containing such information as the Secretary of Labor shall prescribe. The Secretary of Labor shall not approve such an application if the Secretary of Labor finds that the veteran is already qualified in the field for which the training would be provided or that the veteran's opportunities for employment would not be increased or advanced by such training.

"(d) A veteran who has been determined to be eligible under this section shall be certified as such by the Secretary of Labor, and the Secretary of Labor shall furnish such veteran with a copy of such certification for presentation to an employer offering a job training program under this chapter.

"§ 2104. Employer job training programs

"(a) In order to qualify as a job training program under this chapter, a job training program of an employer must provide to eligible veterans training approved under this chapter for a period of not less than six months.

"(b) The maximum period of training for which assistance may be provided on behalf of a veteran under this chapter is—

"(1) twelve months in the case of a veteran with a service-connected disability rated as 30 per centum or more; and

"(2) six months in the case of any other eligible veteran.

"(c) Subject to the provisions of this chapter, an eligible veteran approved for participation in a program under this chapter may select an approved program of job training with any private employer.

"§ 2105. Approval of programs

"(a) An eligible employer may be paid assistance under section 2106 of this title on behalf of an eligible veteran employed by such employer and participating in a job training program offered by that employer only if the program is approved in accordance with such procedures as the Secretary of Labor may by regulation prescribe and if the program meets the other requirements of this chapter.

"(b) An employer offering a program of training that the employer desires to have approved for the purposes of this chapter shall submit a written application for such approval according to guidelines issued by the Secretary of Labor. Any such application shall contain a certification—

"(1) that such employer, in good faith and according to circumstances known or reasonably foreseeable at the time such certification is made, believes it probable that a position of the type for which the veteran is to be trained will be available on a stable permanent basis at the end of the training period;

"(2) that, when a veteran completes training for which payments are made under this chapter, such employer will provide not less than three weeks of continuing regular employment to such veteran for each week of training of such veteran under this chapter, unless payments are discontinued under section 2107 of this title or the veteran is dismissed for cause after the period of training;

"(3) that the wages and benefits to be paid to a veteran participating in the employer's program of training will be not less than the wages and benefits normally paid to other employees participating in a comparable program of training;

"(4) of the total number of hours of training to be offered for each participating eligible veteran, the training content of the program, and the objective of the training; and

"(5) that the employment of a veteran under this chapter—

"(A) will not result in the displacement of currently employed workers (including partial displacement such as a reduction in the hours of nonovertime work, wages, or employment benefits); or

"(B) will not result in hiring such a veteran to fill a job opening created by the action of the employer in laying off or terminating the employment of any regular employee.

"(c) The Secretary of Labor shall not approve a program of training under this chapter unless, upon investigation, the Secretary of Labor finds that the following conditions are or will be met by the employer:

"(1) The training content of the program is adequate, in light of the nature of the occupation for which training is to be provided and comparable training opportunities in such occupation, to accomplish the training objective certified under subsection (b)(3) of this section.

"(2) The occupation or job for which training is to be provided customarily requires full-time training for a period of not less than six months.

"(3) The length of the training period under the proposed program is not longer than that customarily required by employers in the community to provide an individual with the skills and knowledge needed in order to become competent in the occupation or job for which training is to be provided.

"(4) There is in the training establishment or place of employment adequate space, equipment, instructional material, and instructor personnel to provide satisfactory training.

"(5) Adequate records will be kept by the employer to show the progress made by each veteran participating in the program.

"(6) The program of training will not be given to veterans who are already qualified by training and experience for the job for which training is to be provided.

"(7) There is a reasonable probability that a position of the type for which a veteran will be trained will be available with the employer on a stable, long-term basis for the veteran at the end of the period of training.

"(8) The program meets such other criteria as may be established by the Secretary of Labor.

"(d) In approving a program of training, the Secretary of Labor shall—

"(1) give preference to programs of training in growth industries, in occupations requiring the use of new technological skills, and in occupations for which demand exceeds supply; and

"(2) endeavor to achieve an equitable regional distribution of training opportunities, based on a comparison of regional data concerning the rate of unemployment among veterans of a period of war.

"§ 2106. Payments to employers

"(a) Except as provided in subsection (c), the Secretary of Labor shall pay to an employer of a veteran participating in an approved job training program under this chapter, upon completion of such program or termination of such veteran's eligibility for assistance under this chapter, an amount to defray, in part, the costs of the veteran's training. The amount paid to an employer on behalf of a veteran may not exceed the lesser of—

"(1) 25 per centum of the wages paid to the veteran by the employer during the period of job training;

"(2) the actual cost to the employer of such training; or

"(3) $6,000 in the case of an eligible veteran with a service-connected disability rated at 30 per centum or more, or $3,000 in the case of any other eligible veteran.

"(b) If an employer to which payments are made under this chapter is a small-business concern participating in an assistance program under the Small Business Act (15 U.S.C. 631 et seq.) or the Small Business Investment Act of 1958 (15 U.S.C 661 et seq.), the Secretary of Labor shall make such payments on a monthly basis, and the computation required in subsection (a)(1) of this section shall be made on the basis of the average projected monthly wage paid to the veteran by the employer during the first six months of the training period.

"(c) Payment may not be made to an employer for a period of training under this chapter on behalf of a veteran until the Secretary of Labor has received—

"(1) from the veteran, a certification as to the veteran's actual employment and training with the employer during that period; and

"(2) from the employer, a certification—

"(A) that the veteran was employed and progressing satisfactorily while pursuing a program of training during that period;

"(B) as to the date on which the employment of such veteran began; and

"(C) that the veteran has been employed by the employer for an average of thirty hours a week for the period for which the payment is made.

"§ 2107. Discontinuance of payments for unsatisfactory conduct or progress

"The Secretary of Labor shall discontinue the payment of assistance on behalf of a veteran under this chapter if the Secretary of Labor finds that, according to standards that the Secretary of Labor may prescribe or the regularly prescribed standards of the employer, the conduct or progress of the veteran is unsatisfactory. Unless the Secretary of Labor finds that there are mitigating circumstances, progress will be considered unsatisfactory at any time that the veteran is not progressing at a rate that will permit the veteran to achieve the training objective within the training period.

"§ 2108. Discontinuance of approval of employer programs; recoupment; penalties

"(a) If the Secretary of Labor finds at any time that a program of training previously approved by the Secretary of

Labor for the purposes of this chapter thereafter fails to meet any of the requirements of this chapter, the Secretary of Labor shall immediately disapprove further participation by eligible veterans under that program. An eligible employer whose program is disapproved under this section shall be notified of such disapproval by a certified or registered letter, and a return receipt shall be secured.

"(b) If the Secretary of Labor finds at any time that an employer's certification under section 2105(b) or section 2106(c)(2) of this title was false or clearly unsupportable in any material respect, the Secretary of Labor shall immediately disapprove further participation in the training program of such employer under that chapter. Such disapproval shall be effective with respect to payments made after the date of such certification. The total amount of such payments shall be a liability of such employer to the United States and shall be recoverable in the same manner as any other debt due the United States.

"(c) Whoever willfully or with reckless disregard of the facts, violates any provision of section 2105 of this title, or any regulation issued thereunder, or causes the Secretary of Labor to make a certification or give approval contrary to such section, section 2106(c)(2) or such regulation, shall be subject to a civil penalty of not to exceed $1,000 for each such violation. Such violation shall constitute a separate violation with respect to each individual employed by reason of such wrongful certification or approval.

"§ 2109. Duties of the Secretary of Labor

"(a) Except as otherwise expressly provided in this chapter, the Secretary of Labor through the Assistant Secretary of Labor for Veterans' Employment, shall administer the program established by this chapter. In carrying out this responsibility, the Secretary of Labor shall consult with the Administrator and keep the Administrator fully advised of activities carried out pursuant to this chapter to ensure maximum cooperation and coordination between the Department of Labor and the Veterans' Administration.

"(b) The Secretary of Labor shall make special efforts to inform eligible veterans and employers of the training opportunities available under this chapter, and to coordinate such efforts with those job counseling, placement and job development services authorized under chapters 41 and 42 of this title, and other similar services offered by other public agencies and organizations. In making such efforts, maximum use should be made of disabled veterans outreach specialists appointed under section 2003A of this title. Efforts to inform employers of the program under this chapter shall be coordinated with programs under the jurisdiction of the Administrator of the Small Business Administration.

"§ 2110. Veterans' information and outreach

"The Administrator (in consultation and cooperation with the Secretary of Labor) shall provide for an outreach and public information program—

"(a) to inform eligible veterans about the employment and job training opportunities for veterans under this chapter, the other provisions of this title, and other provisions of law targeted to veterans; and

"(b) to inform employers of their responsibilities and opportunities with respect to such veterans.

"§ 2111. Inspection of records

"The records and accounts of employers pertaining to veterans who have received job training assistance under this chapter, as well as other records which the Secretary of Labor determines necessary to ascertain compliance with the requirements of this chapter, shall be available at a reasonable time for examination by authorized representatives of the Government.

"§ 2112. Termination of program

"A veteran may not apply for a program of job training under this chapter after September 30, 1984. Assistance may not be paid to an employer under this chapter for any period after September 30, 1985.".

(b) The table of chapters at the beginning of such title and at the beginning of part III of such title are each amended by inserting after the item relating to chapter 43 the following new item:

"44. Veterans' Emergency Job Training Program .... 2101.".

SEC. 3. Section 2002A is amended—

(1) by striking out "and chapter 43" in the first sentence and inserting in lieu thereof "chapter 43, and chapter 44"; and

(2) by striking out "chapter 43" in the second sentence and inserting in lieu thereof "chapter 43 or 44".

SEC. 4. Subsection (c) of section 2003 is amended by—

(1) striking out "and" at the end of clause (11);

(2) striking out the period at the end of clause (12) and inserting in lieu thereof a semicolon and "and"; and

(3) adding at the end thereof the following new clause:

"(13) be functionally responsible for processing applications and approving certifications under chapter 44 of this title.".

SEC. 5. There is authorized to be appropriated $75,000,000 to carry out the program established under this chapter, for purposes including payments to employers, information and training for eligible veterans and employers, and such salaries, rents, printing and binding, travel and communications expenses as are reasonably attributable to the operation of the program.

Sec. 6. The amendments made by this Act shall take effect October 1, 1983.

[From the Congressional Record, vol. 129, No. 45, pp. S4423-S4426—Senate, Apr. 12, 1983]

VETERANS' EMERGENCY JOB TRAINING ACT

Mr. SIMPSON. Mr. President, I am introducing today S. 1033, the Veterans' Emergency Job Training Act of 1983. This bill would provide for payments to employers to assist in covering the cost of training veterans for jobs that are likely to develop into permanent positions.

On March 1 of this year, the Senate Veterans' Affairs Committee, which I have the privilege to chair, met to mark up its budget views and estimates for fiscal year 1984. At that meeting, an amendment was offered by my good friend from California, the ranking minority member of the committee (Mr. Cranston), to provide $150 million above the administration's budget request, in order to permit consideration of various legislative initiatives such as a jobs bill for veterans.

I supported this amendment, although I did so with certain reservations, contained in the record of the meeting. There can be no doubt that employment problems of veterans—particularly wartime veterans and disabled veterans—are and ought to be a very high priority concern of the Veterans' Affairs Committee and of the Congress. Nevertheless, until this amendment was offered at our March 1 committee meeting, there had been universal agreement among the veterans' organizations and in the veteran community that the President's fiscal year 1984 budget request was a fair and adequate one, and the committee had received not one single letter or request asking for money for a new jobs bill. Just last year, we enacted the Jobs Training Partnership Act, Public Law 97-300, which has not yet gone into effect, providing for expanded training opportunities for targeted portions of the unemployed population, and with a specific grant of authority under title IV(C) for the Secretary of Labor to conduct programs to meet the employment and training needs of service-connected disabled veterans, Vietnam-era veterans, and veterans who are recently separated from military service. I also expressed concern about the possibility of employer abuse of a program of payments made to employers who hire veterans. How secure would the veterans' jobs be once the payment ran out?

Despite these and other expressed concerns, I do feel that the concept of jobs legislation specifically targeted to veterans is an issue deserving of a sincere and thorough inquiry. If it is possible and appropriate to create legislation which will substantially address the very compelling employment problems of veterans, consistent with the equally compelling problems confronting our national economy and the federal budget, I believe that such legislation would require the careful drafting attention of every member of this body, and should indeed be passed.

The Veterans' Affairs Committee will be holding hearings next Wednesday morning to review jobs legislation for veterans. It is my hope that the legislation I am introducing today will assist in encouraging a full and responsible debate on the many issues involved.

The focus of this legislation is on providing job training opportunities for veterans in three areas: First, industries experiencing relatively rapid and sustained growth; second, occupations requiring new technological skills; and third, other more traditional occupations where demand for trained personnel exceeds supply. The purpose is to give veterans a competitive advantage in entry into promising new fields or careers, and to provide employers incentives to hire workers who have performed valued service in the defense of their country and who have been the most cruelly and hardest hit by the present national unemployment crisis.

A veteran would be eligible for training under this act if the veteran has served during a period of war, and had been unemployed for 15 weeks or more. Recent statistics from the Department of Labor indicate that in February of this year, unemployment among war veterans rose to its highest level since the end of World War II—a level 2.2 percent higher than the rate posted 12 months earlier.

Job training payments would be available to eligible veterans for up to 12 months in the case of a veteran with a service-connected disability rated at 30 percent or more, and for up to 6 months in the case of any other eligible veteran. The program would start on the first day of fiscal year 1984, and eligible veterans could apply for certification in the program at any time until the start of fiscal year 1985. They would then have until the end of fiscal year 1985 to utilize their benefits.

A job training program offered by an employer would be selected according to very carefully circumscribed standards and criteria. First, the employer would be required to make a certification as to the probability of stable permanent employment at the conclusion of the training program, and would have to guarantee continuing employment at the rate of 3 weeks of work for each 1 week of training—unless at any time the veteran's progress or performance became substantially unsatisfactory. In addition, the Department of Labor would have to find that the program of training to be offered is adequate—but no more than is necessary—to accomplish the training objective of the program.

The amount of the payments to be made on behalf of an eligible veteran would be the lesser of 25 percent of the wages paid to the veteran by the employer during the period of job training, the actual cost of the training, or a flat amount—$6,000 in the case of a veteran with a service-connected disability of 30 percent or more, or $3,000 in the case of any other eligible veteran. Payments would be made in a lump sum at the end of the period of training, except that certain small business employers would be paid on a monthly basis, in recognition of the significant cash flow problems often experienced by such small business enterprises. Payments on behalf of a veteran would be discontinued if the veteran's training progress became unsatisfactory.

As I have mentioned, Mr. President, a primary concern of mine in considering any legislation of this kind, is with the possibility of employer abuses of the program. Accordingly, I have endeavored in developing this legislation to build in certain controls aimed at insuring responsible, good faith compliance by employers under the purposes of this act. It is not my intention to establish a program of subsidized veteran labor for the benefit of business and industry, but rather to confer a very substantial benefit upon veterans—the prospect of stable, long-term employment—in a manner that will also confer a substantial benefit upon employers who use the program responsibly. This bill would further this purpose in the following ways: An approved employer who ceases to meet the requirements of the bill, or who is discovered to have filed a false or clearly unsupportable certification, will immediately be disapproved and eliminated from further participation in the program. Payments made to such an unqualified employer shall be treated as an overpayment and shall be recoverable through the normal debt collection processes of the Federal Government. In the event that an employer, willfully or with reckless disregard of the facts, files an incorrect certification, makes incorrect statements, or otherwise wrongfully obtains the approval of the employer's job training program, the act authorizes a civil penalty of up to $1,000—in addition to the overpayment remedy—for each veteran employed as a result of the employer's wrongful action.

The job training program provided under this bill would be administered by the Secretary of Labor through the Assistant Secretary of Labor for Veterans' Employment, in consultation and cooperation with the Administrator of Veterans' Affairs. It is expected that the Assistant Secretary will accomplish these duties through the broad range of existing Labor Department personnel under the Assistant Secretary's jurisdiction. The VA Administrator would be given very specific duties, to be performed in consultation and cooperation with the Secretary of Labor, with respect to a program of information and outreach to both veterans and employers.

The bill contains an authorization of appropriations in the amount of $75 million. The original figure of $150 had been arrived at and agreed to by the Veterans' Affairs Committee without regard to the $75 million which was recently added to the budget function for veterans benefits and services in the emergency supplemental jobs bill for fiscal year 1983, by Public Law 98-8. This money will provide jobs at VA medical facilities, and will benefit veterans by funding maintenance and repair projects at those facilities. Its purpose overlaps somewhat the purpose of the present legislation, so we would wish to consider $150 million as being the total figure to aim for in all jobs programs to benefit veterans.

Mr. President, I should stress that this bill does not create a new entitlement. It is a stopgap, one shot effort to assist in alleviating a drastic unemployment situation that we all trust will be short lived. It also does not require the establishment of any new bureaucratic machinery, but operates through the existing administrative management of the Office of the Assistant Secretary for Veterans' Employment.

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[No. 16]

COMMITTEE ON VETERANS' AFFAIRS, U.S. SENATE

Office of the
Administrator
of Veterans Affairs

Washington, D.C. 20420

Veterans
Administration

APRIL 27 1983

Honorable Alan K. Simpson
Chairman, Committee on
Veterans' Affairs
United States Senate
Washington, D. C. 20510

Dear Mr. Chairman:

This will respond to your request for the views of the Veterans Administration on S. 1033, 98th Congress, a bill cited as the "Veterans' Emergency Job Training Act." The Administration opposes the enactment of S. 1033. Public Law 98-8, the comprehensive jobs bill, was recently enacted into law providing a substantial sum from the Federal budget for providing jobs for our general population and that measure should be given a chance to work before any further jobs bills are favorably considered.

This measure proposes to establish a new emergency job training program to provide incentives to employers, in the form of partial defrayal of the costs of training, to hire veterans who served during a period of hostilities, for positions that involve significant training or retraining. The Secretary of Labor, through the Assistant Secretary of Labor for Veterans' Employment, would be charged with administering the program.

Veterans who would be eligible under this new program would be those who meet the service requirements of section 521(j) of title 38, United States Code, which includes those veterans who served for a period of 90 days or more, any part of which was during a period of war. Veterans must have been unemployed for 15 or more consecutive weeks at the time of filing application for participation. A veteran would be considered to be unemployed when the veteran is without a job and wants and is available for work. A veteran would be barred from concurrently receiving assistance under the new program and under either the vocational rehabilitation program authorized by chapter 31 of title 38, the contributory education program created under chapter 32, the GI Bill program, or the Job Training Partnership Act.

An eligible veteran would be required to submit an application to the Secretary of Labor who would approve the application unless the veteran is already qualified in the field for which the training would be provided or where the veteran's opportunities for employment would not be increased or advanced by such training. A veteran determined eligible would be certified as such by the Secretary with the veteran being given a copy of the certification for presentation to an employer offering a job training program.

The job training program must provide eligible veterans with training for a period of not less than 6 months. Service-disabled veterans rated 30 percent or more disabled would be granted 12 months of assistance and other eligible veterans would be allowed 6 months. The veteran may select an approved job training program with any private employer.

An eligible veteran may be paid assistance only if the program to be pursued is approved. To be approved, the program must meet the following criteria: (1) the employer believes it probable that a position of the type for which the veteran is to be trained will be available on a stable, permanent basis at the end of the training period; (2) the veteran will be provided not less than 3 weeks of continuing regular employment for each week of training; (3) the wages and benefits to be paid are not less than the wages and benefits normally paid other employees participating in a comparable training program; (4) the program sets forth the total number of hours of training, the training content, and the training objective; and (5) employment of the veteran will not displace a currently employed worker and will not result in hiring a veteran to fill a job opening created by laying off or terminating a regular employee.

The Secretary of Labor shall not approve a training program unless the Secretary finds the following conditions are met by the employer: (1) the training content of the program is adequate to train the veteran in the training objective; (2) the occupation for which trained requires full-time training for a period of not less than 6 months; (3) the length of the program is not longer than customarily required by other employers in the community; (4) the training establishment is adequate in terms of space, etc.; (5) adequate records are kept by the employer; (6) the program will not be given to veterans already qualified; (7) there is a reasonable probability that a position for which the veteran is being trained will be available with the employer on a stable, long-term basis; and (8) the program meets other criteria set by the Secretary. The Secretary shall give preference to programs of training in growth industries, in new technological skills, and in occupations for which demand exceeds supply. The Secretary shall also endeavor to achieve equitable regional distribution of training opportunities on a regional basis.

Payments to employers shall, except in the case of certain small businesses, be made upon completion of the job training program. The amount, intended to defray, in part, the cost of the veteran's training, is limited to the lesser of 25 percent of the wages paid during the training period, or the actual cost to the employer of the training, or $6,000 for service-connected disabled veterans rated 30 percent or more, or $3,000 in the case of any other eligible veteran. Payments may not be made until the Secretary receives a certification from the veteran as to the veteran's actual employment during the period, and from the employer a certification that the veteran was employed and progressing satisfactorily, the date on which the employment began, and that the veteran was employed for an average of 30 hours a week for the period for which payment is made.

The Secretary of Labor shall discontinue payments on behalf of a veteran where the veteran is not making satisfactory progress. Where the Secretary finds the training program fails to meet the requirements of the new Act, the Secretary shall immediately disapprove further participation of veterans in that program. If the Secretary finds the employer has made a false certification, the program will be disapproved and any overpayments made because of such a certification shall be collected from the employer. Certain penalties are also assessed where the Secretary finds that violations have occurred due to willful or reckless disregard of approval or payment certification requirements.

The Secretary shall make special efforts to inform eligible veterans and employers of the training opportunities, and shall also coordinate the program with other job training and counseling provisions of chapters 41 and 42 of title 38, and shall make use of the Disabled Veterans' Outreach Program as well as utilize programs under the jurisdiction of the Small Business Administration.

The Administrator, in consultation and cooperation with the Secretary, shall provide an outreach and public information program to inform veterans and employers of the opportunities under the Act.

The records of employers shall be made available to the Secretary for inspection and compliance purposes. Applications for assistance may not be submitted after September 30, 1984, and no payments may be made to employers after September 30, 1985. The measure authorizes an appropriation of $75 million to carry out the program. The program would become effective on October 1, 1983.

Honorable Alan K. Simpson

As was previously stated, the Administration opposes the enactment of this jobs bill. Although Public Law 98-8 did not include a specific set-aside for veterans, we are confident, since veterans comprise a large segment of our population, that they will be aided by the new program.

Under the provisions of section 2012 of title 38, Federal contractors entering into contracts for $10,000 or more with any Federal department or agency are required to take affirmative action to employ disabled and Vietnam era veterans. We contemplate taking a sample to determine the number of veterans who have been employed by Federal contractors to provide maintenance and repair work in our hospitals in conjunction with the VA portion of the new, comprehensive jobs program recently enacted in Public Law 98-8.

We also believe that many of the disabled veterans who would be included in S. 1033 could be assisted through our vocational rehabilitation program. We now have authority to directly place in jobs those veterans who have trained not only under our rehabilitation program, but those veterans who have been assisted under the Rehabilitation Act and who are determined to be employable.

Under the authority given us in chapter 31, a major responsibility of the VA under our vocational rehabilitation program is the development of a comprehensive plan known as an Individualized Employment Assistance Plan (IEAP) which identifies specific services and benefits which the veteran may receive during an employment assistance period of up to 18 months. Approximately 4,000 such IEAPs were prepared during Fiscal Year 1982, and 89 percent of those individuals for which a plan was prepared were confirmed in suitable employment.

We would add that veterans who train under our vocational rehabilitation program also have available to them a variety of services in addition to the job placement aid. These include needed medical services, supplies needed by veterans in obtaining needed licensures, and on-job training during which time veterans receive a subsistence allowance from the VA.

Another point which should be emphasized is that last summer the VA and Department of Labor entered into a comprehensive agreement covering coordination between the two agencies in providing employment assistance not only for our vocational rehabilitation trainees, but for other veterans as well.

Under this new comprehensive agreement we work with the State Employment Service Agency, including close coordination with the Disabled Veterans Outreach Program (DVOP).

Current law provides several employment advantages for veterans. For example, chapters 41 and 42 of title 38, United States Code, give veterans priority referral to jobs listed with employment services and require all Government contractors to take affirmative action to employ disabled veterans.

In addition, the Administration already supports several initiatives that will serve veterans in need of retraining and jobs. The Job Training Partnership Act (JTPA) passed last year will provide training and retraining of those experiencing difficulty in the labor market. The JTPA starts a new program of assistance to experienced workers who lose their jobs due to plant closings or technological change; affected veterans will be eligible for retraining and relocation assistance under this program. JTPA also establishes a set-aside for a Veterans' Employment Program whereby programs will be conducted to meet the employment and training needs of service-connected disabled veterans, veterans of the Vietnam era, and veterans who are recently separated from military service. Implementation of this program, which becomes effective October 1, 1983, is on schedule.

Other job-finding assistance is available through the provisions of the Targeted Jobs Tax Credit. Employers who hire economically disadvantaged and disabled Vietnam era veterans are eligible for a tax credit of 50 percent of the first $6,000 in wages paid for the first year on the job, and 25 percent of the first $6,000 paid for the second.

These are just some of the examples of the range of services already available to help veterans improve their labor market situation.

You asked that we provide you with our analysis of some of the problems which we foresee should S. 1033 be enacted.

First, we believe that the eligibility requirements set forth in section 2103(a)(1) are too broad. The requirements of section 521(j) of title 38, relate to wartime veterans who have 90 days of service or more. We believe this would include World War I veterans whose age would presumably remove them from the category of those to be aided.

Second, the bill provides for participation in the program for a period of 6 months by nondisabled veterans and for 12 months by those veterans determined to have a service-connected disability rated at 30 percent or more. We would suggest that in some cases nondisabled as well as disabled veterans could require a longer period of time. The Committee may, therefore, wish to consider allowing up to a maximum of 18 months in exceptional cases where it is determined that this amount of training is required to place the veteran into an employment status where he or she can be assured of permanent, long-term employment. Concurrent consideration would also have to be given to the length of the program if this recommendation were to be implemented. We have determined from experience in administering our on-job and apprentice training programs under the GI Bill that in certain cases veterans may need a longer period of time than that provided under the bill.

Third, you may wish to give further consideration to the provision set forth in section 2105(b)(2) of the measure which requires an employer to provide not less than 3 weeks of continuing regular employment to a veteran for each week of training provided the veteran. This means that if a veteran trains for 6 months, he or she would have to be given 1 and 1/2 years of guaranteed employment following the training and, in the case of a disabled veteran who trains for 12 months, the guaranty would have to be for 3 years. This could discourage many employers from participating in the program.

Fourth, section 2105(d)(2) requires the Secretary of Labor "to endeavor to achieve an equitable regional distribution of training opportunities, based on a comparison of regional data concerning the rate of unemployment among veterans of a period of war." It appears that this could result in the potential for a "quota" system which could bar some deserving veterans in certain areas, where job training opportunities might be available, from being given the opportunity to train because some other geographical area has not been able to place sufficient numbers of veterans.

Fifth, section 2106 provides for payments to employers upon completion of the program or termination of the veteran's eligibility. An exception would be created for some small businesses which could be paid on a monthly basis. The Committee may wish to consider authorizing payments on a quarterly basis. In the case of disabled veterans training for 12 months, the employer would not receive any payment until the end of the 12-month training period, unless the employer is a small business coming within the definition set forth in the measure.

Honorable Alan K. Simpson

Sixth, section 2108(b) calls for penalties against employers for making certain false certifications. We would suggest for equity purposes that penalties also be imposed on veterans where they are involved in similar false certifications.

It is estimated that enactment of S. 1033 would result in additional administrative costs in Fiscal Year 1983 of $866,000 and additional administrative costs in Fiscal Year 1984 of $2,595,000. We would note that these are the Veterans Administration's costs and do not include the cost to the Department of Labor, which has primary responsibility under this measure.

For the reasons set forth above, the Administration opposes the enactment of S. 1033.

This report has described some of the programs and initiatives the Administration is actively supporting in its efforts to aid the veteran population. In addition, the Administration continues to be committed to enforcing veterans' preference where applicable and other regulations promoting veterans' employment opportunities. For example, the Administration is working with State employment services and the Disabled American Veterans to promote hiring of 30 percent or more disabled veterans. Also, the Office of Personnel Management is launching a new training course for Agency, EEO, and staff officials to promote hiring of veterans--merit staffing and employee relations as they relate to veterans' preference, veterans' readjustment appointments, affirmative action for disabled veterans, and the Veterans' Training Program.

We have been advised by the Office of Management and Budget that there is no objection to the submission of this report to the Congress, and enactment of S. 1033 would not be in accord with the program of the President.

Sincerely,

Everett Alvarez Jr.

HARRY N. WALTERS
Administrator
Deputy Administrator For

[No. 21]

COMMITTEE ON VETERANS' AFFAIRS, U.S. SENATE

EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET
WASHINGTON, D.C. 20503

May 6, 1983

Honorable Alan K. Simpson
Chairman
Committee on Veterans' Affairs
United States Senate
Washington, D.C. 20510

Dear Mr. Chairman:

This is in reply to your request of April 19, 1983, for the views of this Office on S. 1033, the "Veterans' Emergency Job Training Act".

In its report to your Committee on S. 1033, the Veterans Administration (VA) indicated that the Administration opposes the enactment of S. 1033. As noted in the VA report, Public Law 98-8, the comprehensive jobs bill, was recently enacted into law providing a substantial sum from the Federal budget for providing jobs for our general population, that measure should be given a chance to work before any further jobs bills are favorably considered.

Furthermore, as the VA report mentioned, the Administration already supports various activities serving veterans in need of retraining and jobs; e.g., the VA vocational rehabilitation program, the Job Training Partnership Act, and the Targeted Jobs Tax Credit. Moreover, the Administration remains committed to enforcing veterans' preference where applicable and other regulations promoting veterans' employment opportunities.

The Office of Management and Budget concurs in the views expressed by VA in its report and, accordingly, opposes enactment of S. 1033. Enactment of this bill would not be in accord with the program of the President.

Sincerely,

James M. Frey

James M. Frey
Assistant Director for
Legislative Reference

Chairman SIMPSON. We will proceed with the Department of Labor witnesses: Bill Plowden, Assistant Secretary of Labor for Veterans' Employment, and anyone you wish to have accompany you.

How are you today, Bill? Nice to see you.

TESTIMONY OF WILLIAM C. PLOWDEN, ASSISTANT SECRETARY OF LABOR FOR VETERANS' EMPLOYMENT, DEPARTMENT OF LABOR, ACCOMPANIED BY DONALD SHASTEEN, DEPUTY ASSISTANT SECRETARY OF LABOR FOR VETERANS' EMPLOYMENT, AND JOSEPH JUAREZ, DIRECTOR, OFFICE OF POLICY, PLANNING, AND LEGISLATION

Mr. PLOWDEN. This is Don Shasteen, my Deputy; and Mr. Joe Juarez, a member of my staff.

Chairman SIMPSON. Thank you.

Please proceed, if you will.

Mr. PLOWDEN. Mr. Chairman and members of the committee, I am pleased to have the opportunity to present our views on S. 992 and S. 1033, which would establish an emergency program of job training assistance for Vietnam-era veterans and certain disabled veterans.

We agree with the premise of the bills, that there is a significant employment problem for veterans, particularly for Vietnam-era and disabled veterans and that new and effective job training approaches for these veterans must be developed. However, we cannot support S. 992 and S. 1033 for several reasons.

S. 992 establishes an employer reimbursement on-job-training program, as an entitlement program to be administered by the Veterans' Administration.

S. 1033 provides authority for the same kind of program, but to be administered by the Department of Labor.

First, with respect to S. 992, we do not support the bill as an entitlement program because of the uncertain budgetary impact. Additionally, we firmly believe that the Department of Labor is the proper agency to continue to administer employment, job training, and labor exchange functions. Strong coordination with the VA is necessary, but we cannot support establishing a duplication of functions and responsibility for employment matters.

The Department of Labor and its affiliated State employment security agencies and national employment and training network are in the training and employment business and have an established labor exchange system that provides services to employers and jobseekers. The legal mandate of my office is to provide veterans with the maximum of employment and training opportunities through existing programs, coordination and merger of programs, and implementation of new programs.

Recently, with the passage of the Job Training Partnership Act and the Veterans' Compensation, Education, and Employment Amendments of 1982, the Congress reaffirmed their recognition of veterans employment needs and responsibility to meet these needs, by establishing a national veterans' employment program to be administered by the Department of Labor through the Office of the Assistant Secretary for Veterans' Employment and Training. We are at the point of issuing proposed rules for implementing this program. The broad authority given us to establish and implement a national veterans' employment program would allow implementation of an employer reimbursement OJT program.

Mr. Chairman, let me again state that we favor increased job training and placement efforts for veterans and we are making such efforts. Our efforts are bolstered by the fact that the economy is now moving into a period of recovery that will yield new job opportunities in which veterans will share. We have stepped up our outreach efforts both to veterans and employers through the resources currently available. We are in the process of allocating approximately $500,000 in additional fiscal year 1983 funds made available to the Veterans' Employment and Training Service by Secretary of Labor Raymond J. Donovan. These funds are being used to finance special projects in high-unemployment areas for two principal reasons: First, to help meet the immediate need for increased veterans' employment efforts and, second, to give guidance to States as to types of projects they might finance with Job Training Partnership Act funds when those funds are made available October 1 for projects not only under title IV–C earmarked for veterans, but also under titles II and III.

Mr. Chairman, these remarks and observations lead me to our position on S. 1033, which also applies to S. 992. Again, we agree with the intent of the bill, but we point out that Congress has already given us authority to administer such a program. Therefore, we do not favor passage of this legislation since we feel it is not necessary.

Thank you, Mr. Chairman, for this opportunity. I will be pleased to respond to any questions you may have.

Chairman SIMPSON. Thank you very much.

You state that you favor increased job training and placement efforts, but that you feel you already have the authority to conduct this type of job training program and, therefore, do not find the type of legislation before us to be necessary. You also state that you do not favor an entitlement program and that you believe such a program should be accomplished through the Department of Labor.

Does that mean that you would not be opposed to S. 1033? What is your view on that?

Mr. PLOWDEN. Sir, we have the people in the field. We have approximately 3,400 people in the field that administer job service programs, and we have the authority for these people to administer new programs. With the necessary funds, we could conduct a program such as this job development initiative.

Chairman SIMPSON. I'm asking again about your thoughts about S. 1033. Is the basis for your opposition—and I am assuming that you do oppose it—that you feel that it is duplicative of authority already conferred upon the Department of Labor under the Jobs Training and Partnership Act or do you have specific objections to specific provisions of the bill? If so, what are those objections. If they are somewhat comprehensive, you might wish to respond for the record.

Mr. PLOWDEN. Could I get a member of my staff to answer that?

Chairman SIMPSON. Please.

Mr. **JUAREZ**. Mr. Chairman, not to go into the details of either bill, I think our basic opposition stems from the fact that we do feel we have—we know we have—firm authority to administer the program. As the bills are currently constructed, we don't have specific objection to provisions in S. 1033. We would have some objections to S. 992, specifically, the provision that would require the Department of Labor to certify the high demand areas in employment. We feel that that provision would not be necessary, and we feel that if that were in the bill—if the bill were enacted, that provision precludes employers as well as veterans who may have the need for training or assistance from participating.

Chairman **SIMPSON**. Does the Department of Labor presently have any intention of implementing whatever authority it may have under the Job Training Partnership Act to provide for a jobs program, anything comparable to the type and magnitude of the legislation that is before us today?

Mr. **JUAREZ**. The tack that we are taking, Mr. Chairman, we have approximately $9.4 million available to us under the IV–C program. We are envisioning, and we have indicators in some States, that what will occur will be a matching of those funds. We have done a very limited survey. In some States they are matching up to threefold.

While we do not have the dollars under IV–C, $9.4 million, to fund this type of program, it does not preclude service delivery areas, or the Governors themselves, funding on-the-job training programs. We are hoping that that is the kind of program the veterans will be able to participate in. We understand, of course, that the economics of the disadvantaged criteria is there, but the Governors in the service delivery areas will have what we call a 10-percent window; they will be able to provide services using up to 10 percent of their funds for those that have need without having to meet the economic disadvantaged criteria.

Chairman **SIMPSON**. Let's assume that we took the nonentitlement approach under S. 1033, and assuming that there are more applicants for the program than there are funds, upon what basis would you anticipate selecting the actual participants from out of the pool of eligible applicants? Would that be a first-come-first-served basis or what other standard might be used?

Mr. **JUAREZ**. I think a key to that, Mr. Chairman, is going to be the job development side. Clearly, I think we will have more applicants than perhaps we will be able to serve. The key, then, is how many employment opportunities, on-the-job training opportunities, will be available. I think that is going to be a key determiner of the number of participants in the program.

Chairman **SIMPSON**. Assuming, too, then that the funds under S. 1033 are appropriated to the Department of Labor, how might the payments be issued to participating employers? Does the Department of Labor have a check-issuing capability that could be converted to the purposes of this program? Of course, under S. 1033 it is contemplated that the payments would be made only once, at the conclusion of the training period, except that small business concerns would be paid on a monthly basis for purposes of dealing with the reality of that kind of operation.

Might the VA be better suited to carry out this function than the Department of Labor?

Mr. JUAREZ. I think it's fair to say that the VA and the Department of Labor have that capability.

Chairman SIMPSON. Both of them?

Mr. JUAREZ. I believe that's accurate. We are not prepared to comment for VA on perhaps what resources would be required. Clearly, the Department of Labor has the mechanism. You're aware that we are set up regionally. We have in each of our 10 regional cities staff that can accomplish the check-paying requirements of the bill.

Chairman SIMPSON. The VA recommended—the DAV has commented that the minimum training period be reduced in both bills to 3 months rather than 6 months. I would ask what types of occupations would be affected by that change. In other words, what types of positions can training be offered in a period of between 3 and 6 months?

Mr. PLOWDEN. I think that that should be flexible. I think the 6-months minimum is probably the best. It would be a very small number of jobs probably available that you would want less than 6-months' training, but there may be some that would require up to 12-months' training, and certainly we feel that the 6 to 12 would be the best, Mr. Chairman.

Chairman SIMPSON. Let me ask you, in your position, your work, what is the long-term unemployment outlook now for veterans, and especially the Vietnam veterans, just a quick summary?

Mr. PLOWDEN. I'd like for Mr. Shasteen to reply to that. He has been working with the field. But before I turn it over to him, I would like to say that things look very encouraging in the last 2 months as far as my reports from the field are concerned. Jobs are picking up in some areas, and it looks like the veterans are getting a fair shake in some areas on this, but we do need more job development.

Mr. SHASTEEN. It does appear to be picking up, Mr. Chairman, but perhaps more slowly than anybody anticipated even a year or so ago.

I'm looking at BLS data for January, February, and March. In January, in the high unemployment category, which was the age group 25 to 29, there was 21.8 percent unemployed. That figure in February had dropped to 21 percent, and in March it had dropped to 19.8 percent. So there has been a slight improvement in that group.

At the same time, in the higher group, the next group up, age 30 to 34, it remained fairly stable without improvement. As a matter of fact, unemployment was just slightly up in that group. So it's still a mixed bag that seems to be heading in the right direction, particularly for that large unemployed group, 25 to 29 years of age.

Chairman SIMPSON. If you would, provide for the record estimates of the total number of veterans who might potentially be eligible for participation in this program under S. 1033, the total number of eligible veterans who could be expected to apply perhaps for participation. Let us know the average amount of benefits to be paid out with respect to each participating eligible veteran and the total number of eligible veterans who could actually participate in the program, taking into consideration the various overhead, other costs of the program that would be covered by the appropriation, as is set out in the legislation, and in terms of making the provisions of S. 1033 sufficiently attractive to both eligible veterans and qualified employers.

I would ask you, do you feel that the proposed measure would provide a sufficient level of benefits to ensure that a meaningful or workable job training benefit with a positive long-term effect will result?

Mr. **Plowden**. Yes.

Chairman **Simpson**. You do?

Mr. **Plowden**. Yes.

Chairman **Simpson**. I asked a question in the last part. I asked the estimates of those things, and the record—without reading them again, you might just review that record. But the last one is a question, Bill.

In terms of making the provisions of S. 1033 sufficiently attractive to veterans and qualified employers, do you feel that the benefit level is sufficient to ensure that there really will be a job training benefit with some very long-term effects? Will that result?

Mr. **Plowden**. I do, sir, yes.

Senator **Cranston**. Could I ask the same information be made available to us on S. 992?

Chairman **Simpson**. Indeed.

Senator **Cranston**. I'd also like to ask if you could give us your views on whether all these views have sufficient administrative flexibility, for the record.

Mr. **Plowden**. Yes, we will, sir.

Chairman **Simpson**. I just would ask, and then I'll defer to my colleague for questions, and any further ones I have I will submit in writing.

When we talk about employment and unemployment, I think most of us, regardless of what philosophy or side of the aisle, are looking toward long-term benefits and effects. I'm saying, do you foresee that there are long-term effects that could result with the benefit level under this measure, 1033, or is the benefit level inadequate to lead to any long-term effect?

Mr. **Plowden**. We will give you that answer, yes, sir, in writing.

[Subsequently, the Labor Department submitted the following information:]

The benefit level proposed in S. 1033 and S. 992, in our opinion, would provide the incentive necessary to attract employers to participate in the program. We also believe that participating employers will indeed provide long-term employment with permanent career opportunities.

Chairman **Simpson**. All right. Al, do you have any questions?

Senator **Cranston**. Thank you very much.

Mr. Plowden, when you note on page 2 of your statement that the broad authority given to you "to establish and implement a national veterans' employment program would allow implementation of an employer reimbursement OJT program," I gather that you're referring to the authority in Title IV–C of the Job Partnership Training Act?

Mr. **Plowden**. Yes.

Senator CRANSTON. Mr. Juarez referred to the Department's plans to implement such a program for veterans, but could you please describe those plans in more detail for the record, and tell us what will be the source and level of funding? You can do that for the record.

Mr. PLOWDEN. Yes.

[Subsequently, the Labor Department submitted the following information:]

Concerning our plans to implement programs for veterans under the Job Training Partnership Act, I have enclosed a copy of our proposed regulations which describe our plan and procedures.

DEPARTMENT OF LABOR

Employment and Training Administration

Office of the Assistant Secretary for Veterans' Employment and Training

20 CFR Part 635

Implementation Regulations for Veterans' Employment Programs Under Title IV, Part C, of the Job Training Partnership Act

AGENCY: Assistant Secretary for Veterans' Employment and Training, Labor.

ACTION: Proposed rule.

SUMMARY: This document proposes rules regarding the implementation of Veterans' Employment Programs under Title IV, Part C, of the Job Training Partnership Act. The purpose of this publication is to request comments on these proposed rules so that final regulations may be published to allow for the timely planning and implementation of Veterans' Employment Programs by October 1, 1983.

DATES: Comments must be submitted on or before July 7, 1983.

ADDRESSES: Comments should be addressed to William C. Plowden, Jr., Assistant Secretary for Veterans' Employment and Training, 200 Constitution Avenue, N.W., Washington, D.C. 20210, *Attn:* Joseph Juarez, Director, Office of Policy, Planning and Legislation.

FOR FURTHER INFORMATION CONTACT: Joseph Juarez, Telephone: (202) 523–9110.

SUPPLEMENTARY INFORMATION:

On October 13, 1982, President Reagan signed into law the Job Training Partnership Act (JTPA), Pub. L. 97–300, which replaces the Comprehensive Employment and Training Act (CETA). Title IV, Part C, of the new statute provides for programs to meet the employment and training needs of service-connected disabled veterans, veterans of the Vietnam era, and veterans who are recently separated from military service. The statute directs that programs supported under this part be administered by the Secretary through the Assistant Secretary for Veterans' Employment and Training (ASVET). The statute further directs that the ASVET shall be responsible for the awarding of grants and the distribution of funds under this part as well as taking steps to ensure these programs are effectively coordinated with veterans activities and programs under other provisions of law.

In accordance with the general direction of the statute regarding Veterans' Employment Programs, these proposed rules are intended to provide further guidance for the proper administration and development of such programs. The proposed regulations include:

A. Definitions of the three categories of veterans identified in the Act.

B. Provision for the distribution of funds available for development of programs under this part.

C. Eligibility criteria for funds, which includes a requirement for a state to match the amount of the grant being sought under this part with funds from other sources.

D. A description of the application for funding and the review and approval processes.

E. Reference to allowable activities described in the Act.

F. A provision for the monitoring and oversight responsibilities to be conducted by the ASVET through the Regional and State Directors for Veterans' Employment and Training.

This proposed rule allows for the allocation of at least 80 percent of the funds available under this Part to the various States. Applications for funds will be accepted from Governors and/or Service delivery Area (SDA) designated administrative entities. The funding allocations are based on each State's proportionate share derived from the formula in Title 38, U.S.C. Chapter 41, Section 2003(a)(2) for the distribution of personnel under the Disabled Veteran Outreach Program (DVOP), except that no State shall be eligible for less than $50,000.

Proposed amounts to be allocated are:

State	Amount
Alabama	$104,000
Alaska	50,000
Arizona	87,000
Arkansas	69,000
California	762,000
Colorado	104,000
Connecticut	100,000
Delaware	50,000
District of Columbia	50,000
Florida	319,000
Georgia	170,000
Hawaii	50,000
Idaho	50,000
Illinois	319,000
Indiana	173,000
Iowa	87,000
Kansas	73,000
Kentucky	100,000
Louisiana	104,000
Maine	50,000
Maryland	149,000
Massachusetts	218,000
Michigan	284,000
Minnesota	145,000
Mississippi	55,000
Missouri	163,000
Montana	50,000
Nebraska	50,000
Nevada	50,000
New Hampshire	50,000
New Jersey	239,000
New Mexico	50,000
New York	492,000
North Carolina	163,000
North Dakota	50,000
Ohio	347,000
Oklahoma	104,000
Oregon	93,000
Pennsylvania	392,000
Puerto Rico	50,000
Rhode Island	50,000
South Carolina	90,000
South Dakota	50,000
Tennessee	132,000
Texas	420,000
Utah	50,000
Vermont	50,000
Virginia	170,000
Washington	156,000
West Virginia	52,000
Wisconsin	145,000
Wyoming	50,000

Performance standards for Veterans' Employment Programs under this part will be developed and issued in conjunction with each grant and/or contract instrument.

Classifications: These proposed regulations are procedural in character and give direction for implementing Veterans' Employment Programs under Part C, Title IV, of the Job Training Partnership Act. Therefore, these rules are not classified as "major" under Executive Order 12291 on Federal Regulations, and no regulatory impact analysis is required.

Regulatory Flexibility Act: The Department has determined that these rules will have no "significant economic impact" upon a substantial number of small entities "within the meaning of section 3(a) of the Regulatory Flexibility Act, Pub. L. 96–354, 91 State. 1164 (5 U.S.C. 605(b))". The vast majority of recipients of Federal funds under this regulation are the Governor's of the several States and/or the designated administrative entities of Service Delivery Areas generally with over 200,000 population.

List of Subjects in 20 CFR Part 635

Employment, Grant programs—labor, Labor, Veterans, Manpower training programs.

Accordingly, a new Part 635 of Chapter V of Title 20 of the Code of Federal Regulations is proposed to read as follows:

PART 635—VETERANS' EMPLOYMENT PROGRAMS UNDER TITLE IV, PART C OF THE JOB TRAINING PARTNERSHIP ACT

Subpart A—General Provisions

Sec.
635.1 Scope and purpose.
635.2 Program administration.

Sec.
635.3 Participant eligiblity.

Subpart B—Program Funding

635.11 Availability of funds.
635.12 Eligibility for funds.
635.13 Application for funding.
635.14 Review of application for funding.
635.15 Approval of funding request.

Subpart C—Program Design and Management

635.21 General.
635.22 Allowable activities.
635.23 Program management and performance standards.
635.24 Recordkeeping and reporting requirements.
635.25 Monitoring and oversight.

Authority: Job Training Partnership Act, Section 169, (29 U.S.C. 1501 et seq., Pub. L. 97–300, 96 Stat. 1322), unless otherwise noted.

Subpart A—General Provisions

§ 635.1 Scope and purpose.

This Part contains the regulations governing Veterans' Employment Programs as authorized under Title IV, Part C of the Act. These programs are to be designed to meet the employment and training needs of service-connected disabled veterans, veterans of the Vietnam era, and veterans who are recently separated from military service. Program administration and participant eligibility are included in this Subpart. Planning and application for funding are set forth in Subpart B of this Part. Program design, management and reporting are covered in Subpart C.

§ 635.2 Program administration.

(a) Programs supported under this Part will be administered by the Secretary through the Assistant Secretary for Veterans' Employment and Training (ASVET).

(b) All programs and activities supported under this Part will be coordinated, to the maximum extent feasible, with other programs and activities under this Act, the Wagner-Peyser Act, Title 38 of the United States Code, and other employment and training programs at the State and local level.

§ 635.3 Participant eligibility.

(a) Eligibility for participation in programs supported under this Part shall be determined pursuant to Section 441(a)(1) of the Act.

(b) For the purpose of this Part, the following definitions apply:

(1) "Service-connected disabled veteran" means the same as "disabled veteran" at Section 4(27)(B) of the Act.

(2) "Veteran of the Vietnam era" means an eligible veteran any part of whose active military service was during the Vietnam era (i.e., August 5, 1964–May 7, 1975).

(3) "Veterans who are recently separated from military service" shall mean any person on active military duty who first applies for participation in programs under this part within three months before separation or an eligible veteran who applies within twelve months after separation from military service.

Subpart B—Program Funding

§ 635.11 Availability of funds.

(a) Funds administered pursuant to Section 441 of the Act are authorized in accordance with the formula described at Section 3(a)(3)(A) of the Act.

(b) Not more than 20 percent of the funds available under this Part may be set aside by the Secretary for research and development activities, demonstration projects, providing technical assistance and training, or to support other veterans employment and training efforts as deemed appropriate.

(c) At least 80 percent of the funds under this Part will be made available consistent with the formula contained in Title 38, U.S.C., Chapter 41 Section 2003 (A) (2), except that no State shall be eligible for less than $50,000.

(1) Funds available under this paragraph may be distributed by the Secretary, through grant or contract, to the various States and/or designated Service Delivery Area administrative entities.

(2) Preliminary planning estimates will be published annually.

(d) The Secretary may reallot funds identified for distribution upon determination that no acceptable grant application has been received from a State or designated administrative entity for a Service Delivery Area within the State by December 31, 1983.

§ 635.12 Eligibility for funds.

(a) Programs supported under this Part will comply with the provisions of Section 441(a)(2) of the Act.

(b) The Department will not favorably consider an application for funding from any applicant which has failed to satisfy any major condition in a current or previous contract or grant with the Department, or has failed Departmental conditions relating to the resolution of a final finding and determination, including repayment of debts.

(c) For a State to be considered for grants under § 635.11(c) of this Part the State must demonstrate that it will expend or provide in-kind services from public or private sources an amount at least equal to the grant being sought for the proposed veterans employment program(s).

§ 635.13 Application for funding.

(a) Applications for funding under § 635.11(c) of this Part shall include, at a minimum, the following:

(1) Standard Form 424, Application for Federal Assistance;

(2) A completed comprehensive needs assessment of the Service delivery area or State to be served;

(3) A description of proposed program(s) and associated funding plans, including identification of matching funds or in-kind services; and

(4) Identification of the service provider(s) considered but not selected.

(b) Completed applications will be submitted by the Governor and/or designated Service Delivery Area administrative entity to the State Director for Veterans' Employment for comment and transmittal to the Secretary in accordance with grant planning instructions.

(c) Applications for funding under § 635.11(b) of this Part should be submitted in response to program specific Requests for Proposals (RFP's). All proposals and requests for information under this section should be submitted to: Director, Office of Procurement, U.S. Department of Labor, 200 Constitution Avenue, N.W., Room S–1521–FPB, Washington, D.C. 20210.

§ 635.14 Review of application for funding.

The Secretary will review and make a determination on all funding requests submitted under this Part. Rating criteria will include but not be limited to the provisions of §§ 635.12 and 635 13. Preference in selection will be given to proposals which clearly demonstrate plans to utilize local resources from other sources for the proposed program(s).

§ 635.15 Approval of funding requests.

(a) The Secretary, pursuant to section 441(b) of the Act, will be responsible for the approval, awarding and distribution of funds under this Part.

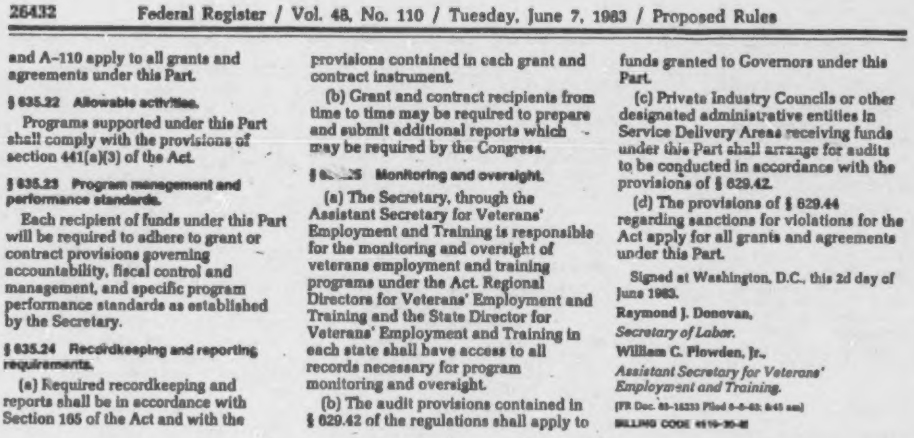
(b) An applicant whose grant application is not selected by the Department for funding under this Part shall be notified in writing.

(c) Any applicant whose grant application is denied by the Department may request administrative review as provided in § 629.57. The provisions of § 629.56 do not apply under this Part.

Subpart C—Program Design and Management

§ 635.21 General.

The requirements of 41 CFR Part 29–70 implementing OMB Circular Nos. A–102



26432 Federal Register / Vol. 48, No. 110 / Tuesday, June 7, 1983 / Proposed Rules

and A-110 apply to all grants and agreements under this Part.

§ 635.22 Allowable activities.

Programs supported under this Part shall comply with the provisions of section 441(a)(3) of the Act.

§ 635.23 Program management and performance standards.

Each recipient of funds under this Part will be required to adhere to grant or contract provisions governing accountability, fiscal control and management, and specific program performance standards as established by the Secretary.

§ 635.24 Recordkeeping and reporting requirements.

(a) Required recordkeeping and reports shall be in accordance with Section 165 of the Act and with the provisions contained in each grant and contract instrument.

(b) Grant and contract recipients from time to time may be required to prepare and submit additional reports which may be required by the Congress.

§ 6[illegible]25 Monitoring and oversight.

(a) The Secretary, through the Assistant Secretary for Veterans' Employment and Training is responsible for the monitoring and oversight of veterans employment and training programs under the Act. Regional Directors for Veterans' Employment and Training and the State Director for Veterans' Employment and Training in each state shall have access to all records necessary for program monitoring and oversight.

(b) The audit provisions contained in § 629.42 of the regulations shall apply to funds granted to Governors under this Part.

(c) Private Industry Councils or other designated administrative entities in Service Delivery Areas receiving funds under this Part shall arrange for audits to be conducted in accordance with the provisions of § 629.42.

(d) The provisions of § 629.44 regarding sanctions for violations for the Act apply for all grants and agreements under this Part.

Signed at Washington, D.C., this 2d day of June 1983.

Raymond J. Donovan,
Secretary of Labor.

William C. Plowden, Jr.,
Assistant Secretary for Veterans' Employment and Training.

[FR Doc. 83-15233 Filed 6-6-83; 8:45 am]

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Senator CRANSTON. In light of your agreement that there is a significant employment problem for veterans and your agreement with the intent of the pending measures, will the Department be seeking supplemental funding for initiatives designed to serve veterans such as the authority in title IV-C of JTPA?

Mr. PLOWDEN. Yes, sir.

Senator CRANSTON. When will there be a supplemental request forthcoming?

Mr. PLOWDEN. I can't give that exact date, but I will give it to you in writing, sir.

Senator CRANSTON. Fine.

[Subsequently, the Labor Department submitted the following information:]

I would like to clarify my response to Senator Cranston concerning our intentions to seek "supplemental" funding for initiatives under Title IV-C of the Job Training Partnership Act. I did state that we would be seeking "supplemental" funding for this purpose. However, this request would not be for "supplemental" funding from the Congress, but rather a request of the Secretary for resources from within the Department. I have made such a request and the Secretary has provided an additional $200,000 for this fiscal year.

Senator CRANSTON. As you know, both S. 992 and S. 1033 require that the determination as to whether a veteran is unemployed shall be made in accordance with the criteria used by the Bureau of Labor Statistics of the Department of Labor in defining individuals as unemployed. This is, as I am sure you know, language derived from the Job Training Partnership Act. Both the DAV and the VFW have expressed concern that this language would exclude so-called discouraged workers, those who have simply stopped looking for work.

Could you explain how the Department is proceeding to implement the same eligibility requirement for the purposes of JTPA, and specifically what impact, if any, it has on discouraged workers who seek to participate in a JTPA program?

Mr. PLOWDEN. Mr. Juarez will answer that.

Mr. JUAREZ. Yes, sir. That—let me start at the beginning.

Eligibility under JTPA, generally, is for economically disadvantaged individuals. One of the definitions that goes into that determination is the one that you mentioned. Each individual Governor, each individual State, is addressing that issue via their intake process that goes into making a determination if one is economically disadvantaged. That is where it will occur—in the intake process.

For JTPA and the concern that the veterans—excuse me—our IV-C program under JTPA and the concern that the veteran organizations have, the BLS criteria to determine if they are unemployed is fourfold: That they must be without a job during the survey week, that they must actively be seeking work sometime during the previous 4 weeks unless they are in layoff or awaiting to start a new job within 30 days; that they must be currently available for work. A discouraged worker would be one that is not seeking work at that time. Hence, if a veteran during the intake process says, "I am interested and I'm seeking one of these opportunities," they then would be eligible for the program and would not be counted as a discouraged worker.

So, while I can understand how that fear came about, it's really not in practice going to keep anyone from participating in the program that wants to participate. They no longer would be a discouraged worker.

Senator CRANSTON. Thank you. That's very, very helpful, and I appreciate it.

You note that you do not support establishing a duplication of functions and responsibilities for employment matters. Could you give me a specific example of where in S. 992 there is a duplication of function?

Mr. JUAREZ. Generally, the provision that establishes the program, we feel under current legislation we now have the authority to establish this kind of program, of course, except that it would not be an entitlement. Your program as proposed would be administered by the Veterans' Administration. The functions of outreach and public information, the requirement that the Department of Labor and VA jointly implement an outreach and public information program is already one of our mandates as well as the Veterans' Administration.

Senator CRANSTON. Thank you very much. I will submit the rest of my questions in writing.

Chairman SIMPSON. I thank you very much for your testimony. That's helpful to us. Thank you, Bill.

[The responses of the Department of Labor to written questions submitted by Hon. Alan K. Simpson, chairman of the Senate Committee on Veterans' Affairs, and Hon. Alan Cranston, ranking minority member of the Senate Committee on Veterans' Affairs, follow:]

RESPONSE OF THE DEPARTMENT OF LABOR TO WRITTEN QUESTIONS SUBMITTED BY HON. ALAN K. SIMPSON, CHAIRMAN OF THE SENATE COMMITTEE ON VETERANS' AFFAIRS

Question 1. Would you give us estimates of the total number of eligible veterans expected to apply under S.992 and S.1033?

Answer: Under S.1033, with $ 75 million authorized for FY'84, we would estimate approximately 17-19,000 veterans enrolling in the program. We would expect a great many more veterans "applying" or interested in the program. However, participation will be limited by appropriations and employment opportunities.

Under S.992, since it is an entitlement program, we are unable to project the number of participants.

Question 2. What would be the average benefits paid out?

Answer: This would be dictated, in great part, by the particular bill. We project that the maximum allowable will be paid: for S.922, $4500 for 30% or more disabled veterans and $3000 for other eligible veterans; for S.1033, $6000 for 30% or more disabled veterans and $3000 for other eligible veterans.

Question 3. What is the total number that could participate taking into account overhead?

Answer: Based on a $75 million appropriation, we would not change our estimate of between 17-19,000 veterans. This is based on an overhead cost of less than one percent.

Question 4. Would you give your recommendations for making the programs (S.992 and S.1033) attractive to employers?

Answer: Generally, there should be sufficient incentive to the employer. We point out that under the Job Training Partnership Act, the DOL estimates training costs to be approximately $6,000 per trainee. Additionally, it is critical to keep the program as simple as possible and free of "red tape" as practical.

Question 5. Do the bills have sufficient administrative flexibility?

Answer: Generally, yes. However, we urge elimination of the "sustained-demand skill area" concept contained in S.992.

RESPONSE OF THE DEPARTMENT OF LABOR TO WRITTEN QUESTIONS SUBMITTED BY HON. ALAN CRANSTON, RANKING MINORITY MEMBER OF THE SENATE COMMITTEE ON VETERANS' AFFAIRS

Question 1. You indicated that you believe that the Department of Labor is the proper agency to continue to administer employment, job training, and labor exchange programs. Let me stress that I certainly have no problems with that in the abstract. My question to you, however, is that if a jobs program were to be enacted, would the Department be prepared to take responsibility for implementing directly a benefit-payment structure mechanism?

Answer.

We believe that through our DVOP and LVER field structure we can effectively identify program eligible veterans, employers and training facilities who wish to participate in this effort. In addition, these individuals are trained in counseling and could provide needed career advice for the eligible veteran. They are located nationwide in state job service offices, as well as VA and other outreach facilities identified with the labor exchange function. This would give the veteran access to individuals trained and solely responsible for employment and training. In short, we feel that the existing nationwide delivery system operated by the Employment Service and funded by DOL is the right delivery agent for immediate results.

The Department of Labor is not prepared to immediately take sole responsibility for implementing a benefit-payment structure mechanism.

We recognize that the Veterans Administration is the proper agency to administer the "check writing" portion of any entitlement program. Clearly, if any entitlement employer-reimbursement on-job-training program were to be enacted, it would make sense that it be jointly administered by the Department of Labor and Veterans Administration. We stress the importance of using each agency's strengths and existing capacities.

Question 2. With respect to your concerns relating to duplication of responsibilities, do you believe that the responsibilities the VA presently has under its vocational rehabilitation program to assist chapter 31 participants to obtain employment are responsibilities that duplicate the Labor Department's responsibilities under chapter 41 or 42?

If so, would you then favor repealing those chapter 31 authorities?

Answer.

We do view these responsibilities as duplicative. However, the key lies in the implementation of these responsibilities. The case for building placement functions into chapter 31 was based on the need for a comprehensive approach to the rehabilitation process. We agree that greater emphasis must be placed on linking vocational rehabilitation with placement services. We believe that the key to accomplishing this is not by duplication of the experience, mechanisms or resources now in the Department of Labor, but rather, by the establishment of effective working relationships between agencies to maximize the effectiveness of each one's expertise and programs to help disabled veterans obtain jobs. We believe that the disabled veteran receiving vocational rehabilitation services would be best served by insuring more effective coordination of evaluation, employability development, training, placement and post-placement functions.

Question 3. Would you comment on how you believe that S. 992 in any conflict with the legal mandate of your office that you've cited in your testimony -- that is, "to provide veterans with the maximum of employment and training opportunities through existing programs, coordination and merger of programs."?

Answer.

S. 992 gives responsibility for administering the program to the Veterans Administration. Although the program would be an entitlement, it is an employer-reimbursement on-job training program which clearly requires employment, job training, and labor exchange functions; these are responsibilities of the Department of Labor. My testimony was intended to point out that to give the VA this program would establish a duplication of functions and responsibility which are currently vested within the Department of Labor. Additionally, as I stated at the hearing, we have authority under current legislation to administer such a program.

Question 4. You state that you do not support passage of legislation because you "feel it is not necessary".

A. What do you believe is necessary to address the needs of unemployed veterans today?

B. Is the Department of Labor doing all that you believe is necessary?

Answer.

Meeting the needs of unemployed veterans requires a comprehensive and coordinated approach. I do not believe that the answer lies in any one program, but rather in the marshalling of every opportunity available to us. This requires maximum utilization of existing programs, creation of new and innovative approaches, strong coordination and a generally aggressive approach toward these efforts. While we are pursuing the approaches I have described, we will continue to strive to improve our efforts and services to veterans.

Chairman SIMPSON. The next group from the Veterans' Administration, please: Dorothy Starbuck, Chief Benefits Director, and you might introduce your fellows at the table there, if you would, please, Dorothy.

It's nice to have you here.

TESTIMONY OF DOROTHY L. STARBUCK, CHIEF BENEFITS DIRECTOR, VETERANS' ADMINISTRATION, ACCOMPANIED BY JAMES P. KANE, ASSISTANT GENERAL COUNSEL; DR. STEPHEN L. LEMONS, DIRECTOR, VOCATIONAL REHABILITATION AND COUNSELING SERVICE; AND JUNE C. SCHAEFFER, DIRECTOR OF POLICY SERVICES, EDUCATION SERVICE

Ms. STARBUCK. Thank you very much, Mr. Chairman.

On my far left is Ms. June Schaeffer, who is the Director of our Policy Services in the Education Service; Dr. Stephen Lemons, the Director of the Vocational Rehabilitation and Counseling Service; and Mr. James Kane, of the General Counsel's office.

Chairman SIMPSON. Thank you.

Ms. STARBUCK. Mr. Chairman, we very much appreciate appearing before you today to provide the views of the Veterans' Administration on S. 992 and S. 1033, which both propose to establish emergency programs of job training assistance for certain disabled veterans as well as other veterans.

The proposed programs are designed to assist eligible veterans in obtaining employment through on-the-job training providing significant training opportunities. These would accomplish this goal through providing incentives to employers to hire eligible veterans with the cost of their training partially defrayed by the Veterans' Administration or the Department of Labor.

Mr. Chairman, the Administration opposes the enactment of any jobs bill specifically for veterans. We would point out that Public Law 98-8, the comprehensive jobs bill, was recently enacted into law providing a substantial sum of our Nation's budget for providing jobs for our general population, and this should be given an opportunity to work.

We would emphasize that, since the enactment of Public Law 96-466, the Veterans' Administration has been given the authority to directly place in jobs those veterans who have trained under our vocational rehabilitation program. We believe that many of the disabled veterans who would be included in the measures before you could be assisted through this important VA program.

Based upon this fairly recent authority, Public Law 96-466, the VA has developed a comprehensive plan known as an Individualized Employment Assistance Plan, which identifies specific services and benefits which the veteran may receive during an employment assistance period of up to 18 months. Approximately 4,000 such plans were prepared in fiscal year 1982, and I'm very pleased to report that the success of working with this plan has resulted in an approximate employment figure of 89 percent of those for whom plans were developed.

Veterans who train under the vocational rehabilitation program also have available to them a variety of services in addition to the job placement aid. These include needed medical services, supplies, assistance in obtaining licensure where needed, and on-the-job training during which time veterans receive a subsistence allowance from the VA.

Last summer the VA and the Department of Labor entered into a comprehensive agreement covering coordination between the two agencies in providing employment assistance not only for our vocational rehabilitation trainees, but for other veterans as well. Under this agreement, we work with the State Employment Service Agency, including close coordination with the Disabled Veterans Outreach Program representatives.

The Department of Labor also has current authority under chapters 41 and 42 of title 38, United States Code, to assist veterans in job placement and training. Special emphasis is given to disabled and Vietnam-era veterans.

With the availability of assistance under the comprehensive jobs bills just getting under way, the job placement authority we have under our vocational rehabilitation program, the on-the-job and apprentice training programs we offer under the GI bill and dependents' programs, and the coordination we have with the Department of Labor in these many areas, it is the Administration's view that a special jobs training program for veterans is not needed at this time.

Mr. Chairman, this completes my statement. We will be very pleased to respond to any questions you may have.

Chairman SIMPSON. Thank you very much.

Would the VA be able to perform the check-issuing function under S. 1033 through existing machinery, for example, in the OJT program, if legislation were to specifically require that?

Ms. STARBUCK. Yes, Mr. Chairman, we could.

Chairman SIMPSON. You have that capability?

Ms. STARBUCK. Yes.

Chairman SIMPSON. Do you know any cost figures on that kind of increased activity?

Ms. STARBUCK. No, sir, I don't, but I could provide that for the record, if you wish.

Chairman SIMPSON. If you would, please.

Ms. STARBUCK. Yes.

[Subsequently, the Veterans' Administration submitted the following information:]

Assuming the Department of Labor can provide us with a certified voucher indicating the amount due to each employer, this could be handled through our existing system with minimal administrative cost.

Chairman SIMPSON. With regard to the VA's ability to issue checks for this type of program with a minimum of additional burden being imposed on the VA's existing check-issuing machinery, does it make any difference as to whether the checks would be issued on a monthly basis or for a lump sum at the completion of the period of training?

Ms. STARBUCK. I don't think that that would be a major consideration, Mr. Chairman.

Chairman SIMPSON. I think I have a very strong concern about the cost of job training legislation. As you know, the committee has approved the action of spending $150 million for this type of program in fiscal year 1984. One of the bills before us today, Senator Cranston's bill, S. 992, would establish an entitlement program, which I understand that CBO has estimated at a figure of $270 million in fiscal year 1984. There have been other cost estimates. Over a total 4-year period, a cost of approximately $1 billion, apparently, from those CBO figures.

I'm sure there's a great deal of speculation involved in making a cost estimate of this nature. That's certainly a very common thing here in the village. Indeed, I'm concerned that this preliminary estimate might, if anything, be conservative for an entitlement program. All of them begin conservative.

Would you please furnish the committee with your own independent estimate of the 4-year cost broken down by fiscal year of the job training program which would be established in that legislation?

Ms. STARBUCK. I would be pleased to, Mr. Chairman.

Chairman SIMPSON. I would like to have that.

[Subsequently, the Veterans' Administration submitted the following information:]

COST OF IMPLEMENTING S. 992

[Dollars in thousands]

	Benefits cost	Man years	Administrative cost
Fiscal year:			
1983		125	$3,851
1984	$45,000	306	7,922
1985	379,500	216	5,423
1986	138,000	99	2,514
1987	66,000	18	423
1988	1,500		
Total	630,000		20,133

Chairman SIMPSON. If you would, finally, could you just briefly describe the range of present activities and present services available to unemployed veterans under the comprehensive agreement with the Department of Labor that you have mentioned?

Ms. STARBUCK. As I mentioned, our personnel—following the national signing of this agreement—each of our regional office directors and their counterparts in the Department of Labor were charged with the establishment of a State-level agreement which would provide for a referral service specifically between the two agencies on individuals who are seeking jobs.

In some of our regional offices there are in our Veterans Assistance Services Divisions representatives of the Department of Labor who have available to them job bank information and can make referrals directly from individuals or for individuals who call at a regional office.

It is a working agreement between the State employment agencies and the Veterans' Administration at the local level for job referral services.

Chairman SIMPSON. Does it make any difference to VA personnel whether they would be dealing with an entitlement program or a nonentitlement program?

Ms. STARBUCK. I think that it would make a difference. The risks of an authorization program—our recent experience with the small business loan program, I think is illustrative of what happens when there is perception that programs are duplicative. Either agency, either the Veterans' Administration or the Department of Labor, would have a fairly substantial hurdle to jump in order to fund a program which was authorized.

Chairman SIMPSON. I think at this time I will ask Senator Cranston if he has any questions to ask.

Senator CRANSTON. You know I do.

Chairman SIMPSON. I thought maybe you would.

Senator CRANSTON. I welcome you to the hearing.

Ms. STARBUCK. Thank you, Senator Cranston.

Senator CRANSTON. The Department of Labor notes in its testimony that it agrees with the premise and intent of S. 992 and S. 1033 that there is

> A significant employment problem for veterans and that new and effective job training approaches must be developed.

Would you agree with the Department in that regard?

Ms. STARBUCK. Yes, Senator, I would.

Senator CRANSTON. Good.

Dorothy, one of the major reasons that you cite for opposing enactment of veterans' retraining legislation is the enactment of Public Law 98-8, the so-called Emergency Jobs Appropriation Measure. Perhaps you can tell us something that no one else seems to be able to; that is, how many jobs, total jobs, will be provided as a result of the enactment of that measure?

Ms. STARBUCK. I cannot answer that question, either. There was no provision in that legislation for any singular attention to be paid to any veterans group.

Senator CRANSTON. Like everybody else, you can't do it.

Do you know how many jobs will be created directly by funds made available by that law and how many will be created indirectly as a result of the so-called multiplier effect?

Ms. STARBUCK. Are you speaking of the 98-8?

Senator CRANSTON. Yes.

Ms. STARBUCK. Sir, I have no idea.

Senator CRANSTON. Can you tell us how many directly created jobs will be filled by veterans——

Ms. STARBUCK. No, sir, I cannot.

Senator CRANSTON. With respect to the $75 million add-on appropriated in Public Law 98-8 for VA hospital maintenance and care projects, do you have any idea how many jobs will be created by that $75 million and how many would go to veterans?

Ms. STARBUCK. No, sir, I do not. There will be contracts let and there will be no track kept on the number of veterans who might be employed by contractors who would be employed as a result of that.

Senator CRANSTON. Would you discuss that with the Office of Construction and see what you might learn?

Ms. **Starbuck**. Yes, sir, I would be happy to.

Senator **Cranston**. If you don't know these facts about job creation and you agree about the need for retraining assistance for veterans, I'd like to see if you can explain why the VA believes that this need will be met or even addressed through the enactment of Public Law 98-8.

Ms. **Starbuck**. I don't know that we can be sure that the need would be met by that, and I don't feel that even the passage of that is the solution to the massive unemployment problem. We all certainly recognize the problem, but the solution I think is beyond even the moneys that are appropriated in that legislation and would be for veterans beyond what is proposed in this legislation.

Senator **Cranston**. You note that the VA has the authority under chapter 31 of title 38 to place directly in jobs those veterans who have training under the vocational rehab program. Section 1516(b) of title 38 permits the Administrator to make payments to employers to defray the cost of on-job training they provide to veterans rehabilitated under chapter 31. On behalf of how many veterans has the VA made payments to employers under this authority, and how much have those payments totaled?

Ms. **Starbuck**. We have not made such payments. It has not been necessary.

Senator **Cranston**. Have the regulations required to be prescribed under the subsection been published in final form yet?

Ms. **Starbuck**. Not in final form yet, Senator.

Senator **Cranston**. Section 1516(b) expressly provides that the payments are to be made pursuant to regulations prescribed in accordance with paragraph (3) of section 1516(b). On what basis can you lawfully make such payments to employers without having first issued the regs?

Ms. **Starbuck**. We could not, sir.

Senator **Cranston**. Do you plan to issue them?

Ms. **Starbuck**. Yes, sir.

Senator **Cranston**. When do you think that will happen?

Ms. **Starbuck**. They are currently under review. They are in the concurrence process in the agency, sir.

Senator **Cranston**. Could you give us a time table in writing afterward?

Ms. **Starbuck**. Yes, I will, Senator.

[Subsequently, the Veterans' Administration submitted the following information:]

Draft regulation to implement this provision are in the final concurrence process within the Agency. Barring any unforeseen circumstances it is our expectation that these regulations will be forwarded to the Office of Management and Budget within the next 60 days for approval and appropriate publication.

Senator **Cranston**. I regret that I'm compelled for the third hearing in a row to express my disappointment, and it's quite profound, with the VA testimony on this matter. I fully realize that when the administration opposes legislation it does have an obligation to say so. However, it seems fairly clear to me that the Congress at this point is quite serious about pursuing enactment of legislation in this area. This committee unanimously approved a recommendation for the addition of $150 million that would permit us latitude to consider enactment of a measure in this area. The

Senate Budget Committee has now approved that amount. Both the chairman and the ranking minority member of this committee have introduced legislation. The House committee held a hearing yesterday on comparable legislation introduced by Mr. Leath that has extensive cosponsorship on that committee, and subcommittee markup is scheduled for May 4.

It seems almost certain that legislation will be forthcoming out of this process. Yet, the VA comes before this committee today and flatly says it opposes the legislation and refuses to offer us any guidance whatever regarding the specific provisions of either bill.

It seems to me that this short-sighted approach constitutes a default by the VA on its responsibilities as a major executive branch agency with a primary responsibility of meeting the needs of the Nation's veterans. Unemployment is nothing short of a national crisis. Hundreds of thousands of veterans are unemployed, and this committee is seeking to find the best way to assist those who have been out of work for long periods of time or those who are unlikely to return to jobs because the skills they have are no longer needed.

Dorothy, in view of Administrator Walters' strong statements about being the veterans' advocate and the fact that this committee is certainly very serious about reporting some version of a veterans' retraining measure, I ask that you convey to Mr. Walters my request that, as soon as possible, he provide the committee with the VA's detailed analysis of the specific provisions of the two bills and whatever recommendations or suggestions he has both as the administration's chief spokesperson for veterans and from his standpoint as the veterans' advocate with regard to them. I'd appreciate it if you'd convey that request and get us a response by April 27.

Ms. STARBUCK. I will be most pleased to, Senator. Under no circumstances would we withhold any analysis of the legislation at your request.

Senator CRANSTON. Thank you.

Chairman SIMPSON. Thank you.

I believe that would conclude your portion of the hearing.

On another issue, if you will please, on April 12 the committee formally requested the views of the VA on S. 991, which is the bill that Senator Cranston referred to earlier. I would ask you to expedite your handling of that request, and I would very much want to have that done within 2 weeks from today, so that we can proceed with our agenda properly.

Ms. STARBUCK. I would be very happy to do that.

Chairman SIMPSON. Thank you very much, Dorothy.

Then the final panel this morning will be the veterans' organizations: Paul Egan, deputy director of the National Legislative Commission, accompanied by James Bourie, director of the National Economic Commission of the American Legion; Phil Mayo, special assistant to the director of the National Legislative Service, accompanied by Kim Graham, employment specialist, Veterans of Foreign Wars of the United States; and Ronald Drach, national employment director of the Disabled American Veterans.

We look forward to having your views.

You might just proceed in that order.

Mr. Egan, please.

TESTIMONY OF A PANEL OF REPRESENTATIVES OF VETERANS' ORGANIZATIONS CONSISTING OF: PAUL EGAN, DEPUTY DIRECTOR, NATIONAL LEGISLATIVE COMMISSION, THE AMERICAN LEGION, ACCOMPANIED BY JAMES G. BOURIE, DIRECTOR OF NATIONAL ECONOMICS COMMISSION; PHILIP R. MAYO, SPECIAL ASSISTANT, NATIONAL LEGISLATIVE SERVICE, VETERANS OF FOREIGN WARS OF THE UNITED STATES, ACCOMPANIED BY KIM GRAHAM, EMPLOYMENT SPECIALIST; AND RONALD W. DRACH, NATIONAL EMPLOYMENT DIRECTOR, DISABLED AMERICAN VETERANS

Mr. EGAN. Mr. Chairman, Jim Bourie is going to summarize our statement this morning. However, I would add that each of us is prepared to answer your questions.

Chairman SIMPSON. Thank you.

Mr. BOURIE. Mr. Chairman and members of this committee, the American Legion thanks you for affording it the opportunity to present its views on this committee's initiatives to establish an emergency job training program. It is envisioned that this new program would be funded by the Veterans' Administration and operated jointly by the VA and the Department of Labor. Appropriately, the program would and should require the cooperation of the Small Business Administration and the Education Department.

Legislation introduced on April 6 and April 12, respectively, by Senators Cranston and Simpson recognizes that severe unemployment has been sustained by veterans in the current recession as against their nonveteran peers. For that reason, each measure, S. 992 and S. 1033, is termed an emergency program. As such, each measure would provide retraining for eligible veterans over the course of 2 years. We believe this 2-year limitation is realistic from programmatic as well as budgetary standpoints.

However, we are compelled to advise this committee in the strongest possible terms that the new 2-year program should be established as an entitlement program subsumed under title 38, United States Code, even though the Department of Labor would share in the program's operation. In our estimation there is no other way a program could be established without serious risk to its ultimate objectives. If Congress genuinely understands, and we believe it does, the training of veterans in growth and other industries holding promise for lasting employment is needed, then it must also recognize that the only guarantee funds will be made available to eligible veterans wishing to participate is through an entitlement program.

Mr. Chairman, we looked on in great suspense last week as the Senate Budget Committee marked up its version of the current budget resolution. We were elated that the $150 million recommended unanimously by this committee for the new training program was upheld in the Budget Committee.

In the last several weeks we have held several discussions with staff members of both the Budget Committee and several individual members of that committee. In each of those discussions the American Legion made it clear that what it sought was a 2-year entitlement program rather than an authorization. With this in mind, we have to believe that Chairman Domenici's hearty endorsement of the $150 million add-on was made with a clear understanding of what veterans sought regardless of whether or not the new program would emerge as an entitlement.

When this committee recommended that $150 million be added to the VA project, it did sc with some reservations as well as with some assurances. It was said at the time that veterans should be part of the then-pending jobs bill. It was also stated that this committee would seriously consider the instant training initiatives if veterans were not a major part of what became Public Law 98-8. We submit in that regard that $75 million in construction money for the current fiscal year is not by any measure a training program. Of the two measures under consideration today, there are some differences in benefits and requirements of employer trainers.

As suggested above, if Congress desires to have a new training program to accomplish its purpose, it must also fashion the new program in a way that guarantees its use and effectiveness. With this in mind, it is critically important that the new program for veterans be just as attractive and easy to use by potential employer trainees as every other program designed to assist congressionally identified classes of beneficiaries.

We make the preceding comment and recommendations, Mr. Chairman, in the presence of a heartfelt sensitivity to current budgetary constraints.

That concludes a summation of our testimony, Mr. Chairman. We would be happy to answer any questions you may have.

Chairman SIMPSON. Thank you very much.

[The prepared statement of Paul S. Egan, deputy director, national legislative commission, the American Legion, follows:]

PREPARED STATEMENT OF PAUL S. EGAN, DEPUTY DIRECTOR, NATIONAL LEGISLATIVE COMMISSION, THE AMERICAN LEGION

Mr. Chairman and members of this Committee:

The American Legion thanks you for affording it the opportunity to present its views on this Committee's initiatives to establish an emergency job training program. It is envisioned that this new program would be funded by the Veterans Administration (VA) and operated jointly by VA and the Department of Labor (DoL). Appropriately, the program would and should require the cooperation of the Small Business Administration (SBA) and the Education Department (ED).

Legislation introduced on April 6 and April 12 respectively by Senators Cranston and Simpson recognizes that severe unemployment has been sustained by veterans in the current recession as against their non veteran peers. For that reason, each measure, S. 992 and S. 1033, is termed an emergency program. As such, each measure would provide retraining for eligible veterans over the course of two years. We believe this two year limitation is realistic from programatic as well as budgetary standpoints. Like most of the programs created and operated for the nation's war veterans, this one too is to be sunseted once the purposes for which it was established can be reasonably expected to have been accomplished.

In that regard, we are grateful to Congress for its diligence and generosity in addressing the problems of veterans created by their service to the nation. In return for sincere Congressional interest in the welfare of veterans, The American Legion takes it upon itself to offer fiscally responsible recommendations and advice to this Committee on how most efficiently to address the needs of veterans.

After having said this and after having carefully examined each of the training proposals introduced to date, we are compelled to advise this Committee in the strongest possible terms that the new two year program should be established as an entitlement subsumed under title 38, United States Code, even though DoL would share in the program's operation.

While this recommendation will surely give some Members in today's budgetary climate pause to wince, there is no other way such a program could be established without serious risk to its ultimate objectives. If Congress genuinely understands, and we believe it does, that training of veterans in growth or other industries holding promise for lasting employment is needed, then it must also recognize that the only guarantee funds will be made available to eligible veterans wishing to participate is through an entitlement. If Congress shares our view that the economy is indeed on the mend, then it must also recognize that the term entitlement in this instance does not have to be seen synonomously with open ended and huge expense to the federal government.

There are two reasons for this. First, as the economy progressively improves, the number of eligible veterans seeking to utilize the program will shrink. Second, the new program will inevitably prove cost effective since newly regenerated business activity throughout the economy will place retrained individuals in great demand. A program of this kind can, therefore, be expected to shorten the lag time between emergence from recession and reductions in unemployment. In short, this is the right approach and it is being considered at just the right time.

Moreover, Mr. Chairman, we looked on in great suspense last week as the Senate Budget Committee marked up its version of the First Concurrent Budget Resolution. We were elated that the $150 million recommended unanimously by this Committee for the new training program was upheld in the Budget Committee. In the last several weeks we have held several discussions with staff members of both the Budget Committee and several individual members of that Committee.

In each of those discussions, The American Legion made it clear that what it sought was a two year entitlement program rather than an authorization. With this in mind, we have to believe that Chairman Domenici's hearty endorsement of the $150 million add-on was made with a clear understanding of what veterans sought regardless of whether or not the new program would emerge as an entitlement.

It is clear, Mr. Chairman, that much of the activity in Congress this year has been directed toward alleviating the highest national unemployment levels since World War II. The Administration, Republicans and Democrats alike, have expressed their sincere commitment to minimizing the profound hardships spawned by unemployment. It was for this very reason that P.L. 98-8 was enacted just a few short weeks ago. Contained in that measure are $75 million for the purpose of accelerating repairs on VA medical facilities. To the extent that the added funding will repair facilities having been in disrepair for too long is appreciated. However, the jobs created by the new law will be short term construction jobs. There is no guarantee that the jobs created will go to veterans or that the veterans who happen to be hired will acquire skills assuring ongoing employment. Consequently, it must be understood that funding for P.L. 98-8 cannot be confused with funding for the present training initiative.

When this Committee recommended that $150 million be added to the VA budget, it did so with some reservations as well as with some assurances. It was said, at the time, that veterans should be a part of the then pending jobs bill. It was also stated that this Committee would seriously consider the instant training initiatives if veterans were not a major part of what became P.L. 98-8. We submit, in that regard, that $75 million in construction money for the current fiscal year does not a training program make.

Of the two measures under consideration today there are some differences in benefits and in requirements of employer trainers. As suggested above, if Congress desires to have a new training program accomplish its purposes, it must also fashion the new program in a way that guarantees its use and effectiveness.

With this in mind, it is critically important that the new program for veterans be just as attractive and easy to use by potential employer trainers as every other program designed to assist Congressionally identified classes of beneficiary. Therefore, a veterans program deserves to be just as generous as a program designed to assist women, Blacks, Hispanics or other individuals disprotionately affected by the current recession. Considerations of equity counsel that anything less is tantamount to no meaningful program at all, but at considerable expense nonetheless.

For its part, The American Legion has expressed its interest in holding potential employer trainers to a guarantee of employment following a training period. Just such a formula to guarantee three weeks of employment for each one week of training is contained in S. 1033. As with the need for equality of benefits cited above, the new veterans training program should be consistent with programs directed at other target populations. While we believe a formula guaranteeing employment is good program policy, if none exists in potentially competing programs none should be contained in the veterans program.

Mr. Chairman, The American Legion need not be disabused of your broad shouldered leadership of this Committee. We make the preceding recommendations in the presence of heart felt sensitivity to current budgetary constraints. Your indulgence is appreciated and your desire to assist veterans in need is clearly understood.

Chairman SIMPSON. Phil Mayo, please.

Mr. MAYO. Mr. Chairman, we believe that both of the measures before the committee today, with certain modifications, would be worthy of advancement. However, on balance, we believe the bill introduced by you to have the most merit and requiring the least modification.

Your bill specifies that the Department of Labor be the lead agency, which we believe to be imperative in any employment initiative. While we have expressed some criticisms or have been negative in some respects, it is our primary objective to secure the passage of a practical and easily implementable measure, so that we can come before you in the near future, 6 months or a year, and report successes.

We look forward to working with the committee and the staff so that this success is achieved.

That concludes my summation.

[The full statement of Mr. Mayo follows:]

Chairman SIMPSON. What! [Laughter.]

Very well done, Phil. Marvelous work there.

[The prepared statement of Philip R. Mayo, special assistant, national legislative service, Veterans of Foreign Wars of the United States, follows:]

PREPARED STATEMENT OF PHILIP R. MAYO, SPECIAL ASSISTANT, NATIONAL LEGISLATIVE SERVICE, VETERANS OF FOREIGN WARS OF THE UNITED STATES

MR. CHAIRMAN AND MEMBERS OF THE COMMITTEE:

Thank you for the opportunity to present the views of the Veterans of Foreign Wars regarding the establishment of an emergency Jobs Training/Retraining Program for veterans.

Mr. Chairman, we are very pleased that this Committee has taken the initiative to propose legislation providing for an emergency jobs training/retraining program. We agree with the view that such assistance is a national responsibility due to the national service of veterans. We regret that employment among veterans has reached the point where employers are encouraged, through monetary means, to hire and train/retrain them. Whatever language survives from the several bills that have been introduced in both the House and Senate, the fact remains that the level of unemployment, particularly among Vietnam veterans, demonstrates the need for such an initiative. Both initiatives before the Committee are geared to assisting veterans secure jobs that include a reasonable prospect of continued employment and we wholeheartedly support this concept.

Under the provisions of S.992, introduced by the Ranking Minority Member of the Committee, the Honorable Alan Cranston (CA), a program would be established whereby veterans, who at any time obtained entitlement to GI Bill training and who are long term unemployed (out of work 15 of the last 20 weeks prior to their application) or who have been terminated from a job in all likelihood they will not return to, would be eligible to participate. Non-disabled veterans would be granted up to twelve months and veterans 30 percent or more disabled would be granted up to eighteen months of training/retraining eligibility. A veteran must make application for training within thirty months of enactment of the measure. Training/retraining might be in "high tech" or more traditional employment areas, depending on the needs of the particular labor market; might be on-the-job training, or in VA approved apprenticeship programs. Quarterly payments of up to 50 percent of the wages paid to the veteran (on a $6,000 annual base for non-disabled and $9,000 for a 30 percent or more service-connected disabled veteran) would be made to the employer to offset the costs of providing training. S.992 further provides that current employees of a company may not be laid off in order to hire a veteran in order for the employer to receive monies; that the Veterans Administration would be responsible for payments to employers and the Department of Labor would certify employer eligibility; and that both would be responsible for private sector outreach and coordination with other government agencies.

Also before the Committee for consideration is S.1033, introduced by you, Mr. Chairman. The legislation is designed to provide veterans the opportunity to gain employment in industries experiencing rapid and sustained growth, occupations requiring new technological skills, and occupations where demand for trained personnel exceed supply.

A veteran would be eligible for training under the provisions of this measure if he had served 90 days during a period of war and had been unemployed for fifteen or more weeks. Non-disabled veterans would be eligible for six months of training and service-connected veterans rated at thirty percent or more would be eligible for up to twelve months of training. The bill also requires that the employer provide three weeks of employment for each week of training. Payments made to the employer would be the lesser of twenty-five percent of the wages during training or a flat amount ($3,000 for six months and $6,000 for the twelve month period), and would be in a lump sum except for certain small businesses. Even though the bills provide that the program shall be one of jobs training, with the Veterans Administration and the Department of Labor cooperating in carrying out their provisions, it appears to us that the real lead agency in implementation should be the Department of Labor. Therefore, language that would accomplish this end is preferred--perhaps even directly interfacing the plan with Title IV-C of the Jobs Training Partnership Act. In this, our view is to insure maximum support for veterans through means that incur the least amount of administrative work and the greatest facility in implementation.

Mr. Chairman, while recognizing the problems inherent in the administration and funding of such a program, we recommend that more liberal criteria be applied with respect to eligibility for the program. Rather than a strict adherence to the requirement that a veteran be unemployed for no less than fifteen of the last twenty weeks (as determined through criteria used by the Bureau of Labor Statistics), we believe eligibility criteria should allow any unemployed veteran, regardless of the time he has been unemployed, to enter this program if he desires. By using the criteria as established by BLS, you bypass some of the most deserving veterans since the BLS does not "pick up" the discouraged worker. We interpret the language of the bills to convey the intent that their major objective is to provide employment opportunities for the unemployed veteran.

S.1033 provides that a job training program must be provided over a period of not less than six months. We would observe that meaningful training programs for veterans may last for a shorter period, and we believe it may be prudent, rather than excluding such jobs from eligibility, to allow some measure of discretion in the application of this restriction. S.992 provides this needed flexibility.

Both measures also contain language providing for payments to employers of a portion of the amount of wages paid to a veteran. We believe the amounts designated in S.1033 to be too low, but the feature whereby payments may be made to employers more frequently than quarterly is a good one. We support the concept of payments to employers to induce the hiring and training of veterans.

As with any program, these proposals also contain provisions that require adequate records to be kept by the employer so that the government may examine them to determine compliance with the terms of the law and regulations. This is indeed proper, however, we encourage you to insure that these records are simple and kept to a minimum to insure that employers will not be discouraged from participating in the program.

Mr. Chairman, S.992 also generously provides that job training under its provisions may be applied to apprenticeship programs. While we are supportive of this provision, information available to us indicates that most apprenticeship programs run a minimum of 1 year, and generally 3-5 years. Since the language in the bill states the time period to participate in the program is up to 12 months for veterans, we do not view usage in apprenticeship programs to be very large. This is unfortunate.

Again, Mr. Chairman, we believe both measures before the Committee today, with certain modifications, to be worthy of advancement. However, on balance, we believe the bill introduced by you to have the most merit and requiring the least modification. Your bill specifies the Department of Labor as the lead agency, which we believe to be imperative in any employment initiative. While our views may appear to be negative in some respects, it is our primary objective to secure the passage of a practical and easily implementable measure, so that we may come before you in six months to a year and report to you the successes it has generated. Your continuing efforts to enhance meaningful employment opportunities for veterans are gratefully acknowledged; we intend to work with the Committee and its staff so that success is achieved.

Chairman SIMPSON. Ron Drach, please.

Mr. DRACH. Thank you, Mr. Chairman. I will try to be brief, but not quite as brief as Phil.

I want to thank you and Senator Cranston both for your introduction of separate bills to try to address this problem. I want to be very specific that we do not oppose anything in the bills. We would just make some recommendations and suggestions for your consideration.

We, too, would be very happy to work with you and members of the staff to discuss some of these issues and try to work out some of the differences. I would be more than happy to make myself available to the staff to discuss the issue of the 30-percent entitlement, using the 30-percent disabled as an entitlement factor for disabled veterans. I would be more than happy to talk with you about that.

Also, I would like to make myself available to talk to the staff subsequent to the hearing on the possible issue of using tax incentives. I understand, Mr. Chairman, that you may be predisposed to that issue of using some form of tax incentives to provide some employment and training opportunities for veterans.

That brings up an issue of who is going to administer any such program. It is pretty obvious to us that something will pass both bodies, and one question still remains as to who will administer it.

Well, you know, VA kind of said they don't want it; the Department of Labor says they don't want it; SBA is rapidly developing a record of not being able to deliver services to veterans. That perhaps leaves only OPM, who is slowly but surely developing a pretty good track record. Maybe we ought to give it to OPM and let them administer the program.

The administration apparently says we don't need this bill because of duplication and other reasons. If we don't need this bill and, as Mr. Plowden indicated, there is administrative authority to do a lot of things, I'd like to remind the committee that there has been administrative authority as well as legislative authority for more than 10 years to do a lot of things. Yet, in approximately the last 3 years, unemployment amongst Vietnam veterans has increased from 375,000 to 835,000 at the end of March 1983. If all this authority is there, why aren't they doing something constructive to alleviate the problem rather than enhance the problem?

I was very disturbed by Dorothy's comment about the—in response to the question regarding the hospital instruction or cleanup, in that she said, and I'll have to paraphrase, something to the effect that contracts would be let but they wouldn't keep track of veterans being hired under these contracts.

Well, what happened to section 2012 of title 38 that requires affirmative action by these Federal contractors? I feel fairly certain that these contracts would be in excess of $10,000, and I think maybe that's another one of the problems that has existed for almost a decade, is that nobody tracks veterans; nobody cares once these contracts are let as to whether or not anybody is going to comply with the law.

That concludes my statement, Mr. Chairman. I'd be happy to answer any questions.

[The prepared statement of Ronald W. Drach, national employment director, Disabled American Veterans, follows:]

PREPARED STATEMENT OF RONALD W. DRACH, NATIONAL EMPLOYMENT DIRECTOR, DISABLED AMERICAN VETERANS

MR. CHAIRMAN AND MEMBERS OF THE COMMITTEE:

On behalf of the more than 760,000 members of the Disabled American Veterans, I am pleased to appear before you today to discuss the ongoing need to provide meaningful employment assistance and programs for this nation's veterans, especially those disabled in time of war or conflict and those of the Vietnam era who continue to experience high unemployment.

Mr. Chairman, as we know, the Department of Labor does not collect unemployment data on disabled veterans. They do for Vietnam era veterans. In March 1983 there were 835,000 reported unemployed Vietnam era veterans. This represents an official 10.7% unemployment rate. What is not reflected in that rate is that from March 1982 to March 1983 the Vietnam era veteran official civilian noninstitutional work force decreased by 398,000. The following data are from the Department of Labor's Bureau of Labor Statistics.

TOTAL VIETNAM ERA VETERANS -- 25 YEARS & OVER

	MARCH 1982	MARCH 1983
Civilian Noninstitutional Population	8,668,000	8,270,000
Unemployed	747,000 (9.1%)	835,000 (10.7%)

Mr. Chairman, there has been considerable discussion as to who will administer any new program, i.e. the Veterans Administration or the Department of Labor. The DAV believes that unless there is strong coordination and cooperation between the two, then the program will fall short of its stated purpose.

The Veterans Administration certainly has a long record of providing on-the-job training benefits to this nation's veterans. That history includes some positive results and some not so positive. There does exist a structure within the Veterans Administration to administer the program. We have reservations about the VA's ability to market an on-the-job training program of this nature without help. We believe that the personnel employed under the Disabled Veterans Outreach Program (DVOP) could very adequately and professionally provide the needed development of contacts with employers to urge their participation in the program. We also feel that existing field staffs of the Veterans Employment Service, as well as the VA's Vocational Rehabilitation Services have the capacity and the ability to market this program at their respective levels through discussions with local employer groups and committees.

Mr. Chairman, time is a premium in this effort. Veterans' organizations can also play a role in public information and outreach through their various publications. But beyond that, many of the organization representatives talk to employer groups and in many cases are employers themselves. We believe that the program should be made as flexible and simple as possible but yet provide the needed accountability.

Much of that goal can be accomplished through the regulatory process. Again, however, caution must be exercised in the regulatory process to make this program easily accessible, useable, and functional without the usual paper excesses.

ELIGIBILITY FOR PROGRAM

Mr. Chairman, Section 2103 of your bill defines an eligible veteran as one who "(1) meets the service requirements of Section 521(j)..." of Title 38. This requires only that the veteran served 90 days. We suggest that you consider requiring 180 days of service. Our reason for this request is that other employment and training programs, including those under Chapters 41 and 42 of Title 38, require the 180 days service.

Section 2103(a)(2) further outlines eligibility and relies on the "...criteria used by the Bureau of Labor Statistics of the Department of Labor in defining individuals as unemployed." Mr. Chairman, we believe this definition is too restrictive because the Department of Labor requires that an individual be actively seeking employment during the time in which the labor market survey is undertaken. All too often disabled and Vietnam era veterans for various reasons have fallen into the category of the "discouraged worker."

The discouraged worker is one who, because of bad economic times or other reasons, has given up actively seeking employment. Under the aforementioned criteria, those veterans would be ineligible for the program. We strongly urge the Committee to amend that requirement. Perhaps, the nearly 400,000 lost in the "Civilian Noninstitutional Population" in the past 12 months are in this group. They should not be "lost" forever.

Section 2103(b) delineates the maximum period of training and allows for "...twelve months in the case of a veteran with a service-connected disability rated at 30 percentum or more...."

Mr. Chairman, we have to disagree with the restriction of applying the twelve month period to only those rated 30 percent or more. We again strongly urge the Committee to modify that and allow twelve months in the case of any honorably discharged service-connected disabled veteran.

It is our opinion and we strongly argue that those rated less than 30% in many instances may have severe pronounced employment handicaps. Additionally, many of these disabilities are combat related. As such we support the notion that these individuals should be entitled to the benefits as those rated 30% or more. Some examples are:

Amputation of two fingers........	20%
Amputation of four toes..........	20%

Ankylosis of the wrist as
the result of a gunshot wound....20%
Residuals of a gunshot wound
to the thigh....................10%
Also, residuals of gunshot wounds to
the ankle, knee, or various muscle
groups may be 10% or 20% disabling.

We cannot emphasize enough our belief that the 30 percentum should be deleted. The DAV's position continues to be unwaivering on the issue of using 30% as a requirement for eligibility in employment programs.

Section 2103(c) prohibits payments under this new bill if the individual is already enrolled under Chapters 31, 32 or 34 for the same period. Mr. Chairman, we request that consideration be given to deleting that restriction. As we know, Public Law 96-466 gave the VA a new responsibility in assisting disabled veterans obtain employment opportunities who are participants under Vocational Rehabilitation (Chapter 31).

The DAV strongly believes that the type of legislation we are discussing today is a natural extension of Chapter 31 benefits and lends itself to increasing the disabled veteran's possibility of obtaining meaningful employment and training. We understand that this new program would provide very limited resources but again we urge the Committee to focus those resources on the most needy and deserving -- the service-connected disabled veteran.

We are pleased to note that the draft bill allows participation by "any private employer." The bill introduced in the House Veterans Affairs Committee restricts this to for-profit employers. We hope that a resolution of this issue can be reached in favor of allowing any private employer to participate if all other requirements are met.

We also support the idea of giving preference "...to programs of training in growth industries, in occupations requiring the use of new technological skills, and in occupations for which demand exceeds supply;" Mr. Chairman, this targets the areas where the most training opportunities will be available but does not restrict it to only those areas.

Mr. Chairman, in reviewing Section 2106 of the bill, it is indicated that you would propose to pay the employer the lessor of three figures, the first of which is 25% of the wages paid to the veteran. Recognizing again the limited resources for this program, we understand your concern. However, we believe it is necessary to provide the maximum incentives to the employer without being too generous. With that in mind we suggest you consider amending 25% to 50% of the wages.

You would also allow $6,000 to be paid in the case of those veterans with service-connected disability ratings of 30% or more. We again strongly urge the deletion of 30% and allow that benefit for any service-connected disabled veteran and refer you to our earlier arguments on that issue.

Mr. Chairman, I would like to now discuss S. 992, introduced by your esteemed colleague, Senator Alan Cranston. There are again numerous provisions in S. 992 which we believe are very beneficial and necessary for the success of the objective being discussed today. Many of the recommended changes previously discussed are applicable to S. 992 and I will not repeat them at this time. There are, however, some additional matters which we would like to discuss.

ENTITLEMENT

Section 1930(b) of S. 992 allows up to six additional months entitlement for certain disabled veterans. We fully agree with the discretionary authority that would be provided for the additional six months. However, as previously indicated, the DAV strongly believes that the 30% requirement should be deleted. We urge consideration of the adoption in S. 1033 of the discretionary six additional months but provide it to all service-connected disabled veterans.

In Section 1941, an allowance is made to pay up to 50% of the wages or $6,000. Section 1941(a)(2) is more generous in that it would allow up to $9,000 for the disabled veteran rated at 30% or more. Mr. Chairman, we certainly like and support the idea of providing the additional benefits for the disabled veteran but again I remind you that we would strongly support an amendment to include all service-connected disabled veterans under this section.

TRAINING PROGRAMS

Mr. Chairman, in Section 1950(b)(1)(F), the training program must be at least six months. We urge consideration of amending that to perhaps a minimum of three months. We would even suggest, Mr. Chairman, that you consider language that would provide a waiver to that minimum time frame. There exists very little information about the potential of new or even existing training programs. Our fear is that there may be small employers with very short training programs, or the potential to develop very short training programs. We do not want to see those employers denied because of a minimum time limit.

Mr. Chairman, Section 1953 would preclude payment to an employer if that employer is "...receiving any other form of assistance (including a tax credit) from the federal government on account of the training or employment of such veteran." While we understand the potential problem of providing duplicate benefits, we believe that employers should not be precluded from receiving dual benefits. It is our opinion that the extra benefits available to an employer may be very beneficial to provide a little extra competitive edge to the veteran.

Realizing the potential sequential jurisdiction with other Senate Committees in providing "dual benefits" or "tax incentives" we support passage of a bill strictly within the jurisdiction of the Veterans Affairs Committees. We would then suggest consideration be given to amending appropriate tax laws to provide some additional incentives for these employers.

Mr. Chairman, I believe you support that philosophy. In the Veterans Affairs Committee Markup on March 1, 1983 of the FY '84 Budget Recommendations submitted to the Senate Budget Committee, you suggest "...looking into ways to pursue and provide long-term incentives to employers like tax incentives."

We would like to work very closely with you, Mr. Chairman, in the development of any new initiative to provide those tax incentives.

OVERPAYMENTS

Section 1955(b) would make the veteran who willfully or negligently falsely certifies eligibility liable for any amount of overpayment. We believe, Mr. Chairman, that authority already exists to cover the potential fraudulent statements or certifications by a veteran. Since the veteran would not benefit directly from payments that had been made to an employer, we would urge consideration of referring to the existing fraudulent authority.

In conclusion, Mr. Chairman, we would like to comment that we have for consideration H.R. 2355 in the House Veterans Affairs Committee and S. 992 and S. 1033 in the Senate Veterans Affairs Committee. As we have discussed today, there are many provisions in these bills that the DAV fully supports. There are also numerous recommendations made by us which we hope will be given full consideration by both bodies.

We don't believe there are any questions or doubts in anyone's mind that something must be done. Time is of the essence and we are optimistic that the leaders in Congress who are responsible for veterans' affairs will act in a most expeditious manner to resolve any possible differences. Again, thank you for allowing us this opportunity.

Chairman SIMPSON. Well, I don't know that I share that last comment, that nobody cares. That's the kind of stuff we try to dampen down around here. Plenty of people care, and we have responded in ways known and unknown, so I must say that you don't get much strike out of the chairman when I hear those kind of comments. There are a lot of people that care on both sides of the aisle. I don't think that serves the debate when we get to that.

It's just a comment I often make to various groups. I don't choose you to say that. I just say it. Whenever it comes up, I say it, and I probably will until they dispatch me from this task, because certainly if we have approved a budget of $1.3 million more than last year's, somebody cares. I have been on this committee for 4 years and served as the minority member for 2 and chairman for 2. I'm quite totally convinced that not one of us on this committee does not care, and there is not one out there in the country that doesn't care about veterans, with the commitment we've made.

With that little philippic, I think, Al, you have a schedule problem. If you have any questions you'd like to make, please feel free to do so.

Senator CRANSTON. Thank you very much.

Chairman SIMPSON. You bet.

Senator CRANSTON. Paul and Jim, I want to congratulate you for the Legion's very fine statement. I'm very grateful to the American Legion for its strong testimony on the need for an entitlement program that will be limited to 2 years and for a competitive, flexible design for the program.

As I'm sure each of our witnesses will recall, in 1981 the Congress enacted, and the President approved, Public Law 97-72. Contained in that measure was the authority—let me stress that, "the authority"—for money to be appropriated to establish a small business loan program within the VA for disabled and Vietnam-era veterans. When the President signed the bill, however, he noted he had reservations about that portion of the measure and would "weigh carefully any efforts to fund that program."

That program has never been funded. It lies there in the books useless, inoperative. Now today we have the two agencies who are the lead agencies in this area coming before the committee and saying, as the VA has, "The administration opposes the enactment of any jobs bill for veterans."

Phil, in light of that and in light of the most recent experience we have had with the small business loan authority, why would you support an authorization authority over an entitlement program?

Mr. **Mayo**. The entitlement program would take longer to implement, in our view. We view a program of an employment nature should fall under the Department of Labor and——

Senator **Cranston**. I don't really believe that it would take longer. Could you give us in writing an analysis of why you think it would take longer?

Mr. **Mayo**. Yes, sir.

[Subsequently, the Veterans of Foreign Wars submitted the following information:]

> Again, we view such an employment initiative as primarily a function of the Department of Labor. Under the provisions of the introduced legislation (S. 992 and S. 1033), S. 922 contains certification and determination requirements (section 1932) that are more cumbersome than necessary. For this reason, with these measures being considered "emergency" in nature, the added requirements suggest a longer implementation period.

Senator **Cranston**. If it was enacted, the funds would have to be appropriated thereafter. You should take that into account.

Ron and Jim, would you comment on this issue? Do you have any comments on it?

Mr. **Bourie**. Senator, I see no problem with an entitlement program. We do have some recommendations. We will work with the staff a certain technical aspect of it, but as S. 992 is laid out, I couldn't see where the Department of Labor and the VA couldn't jointly administer this program.

Senator **Cranston**. If they had the will.

Mr. **Bourie**. Absolutely, and if they had the funds.

I don't see, being intimately involved in veterans' employment training, both the Department of Labor and the VA, why this would not fly.

Senator **Cranston**. Ron, I wanted you to know that I've been thinking about your longstanding concerns related to less than 30 percent service-connected disabled veterans, a concern I note you've touched on lightly in your prepared statement today.

Mr. **Drach**. Yes, sir.

Senator **Cranston**. And I'd like to see if there is some accommodation possible on that subject.

What would be your reaction to providing disabled veterans whose disabilities are rated 10 or 20 percent and who in connection with their participation under chapter 31 have already been determined to have substantial employment handicaps with the same eligibility for additional benefits as would be accorded to veterans with disabilities rated at 30 percent or more?

Mr. **Drach**. Well, I don't think there would be much of an impact at all, Mr. Chairman.

I think, to take it just a step further—I'm sorry, Senator Simpson—the issue of including the 10's and 20's was somewhat touched on this morning when somebody mentioned about additional incentives for veterans across the board when it comes to competing against other disadvantaged groups. We believe that additional incentives must be provided to the disabled veteran across the board.

Obviously, by including those rated 10's and 20's, we're going to increase the population of those eligible for a particular program, but it's not going to increase the overall eligibility because the 10's and 20's would be eligible under other areas of the program, be they Vietnam-era veterans or other veterans, as they are defined.

Senator **Cranston**. So you don't think it would be worth adding?

Mr. **Drach**. We think it would be worth adding, the 10's the 20's.

Senator **Cranston**. But I mean the suggestion that I made. You don't think that would serve any great purpose?

Mr. **Drach**. I'm not sure I understand your suggestion, Senator.

Senator **Cranston**. I suggested that those found to have substantial handicaps would get——

Mr. **Drach**. I'm sorry. Yes, sir, that would certainly be a step that we would go along with.

Senator **Cranston**. Would you like that added to chapter 42?

Mr. **Drach**. We would certainly like to see that, yes.

Senator **Cranston**. Phil Mayo, my measure, S. 992, provides that, with respect to a veteran who does not have a 30 percent or more service-connected disability, an employer may be reimbursed up to 50 percent of the wages paid during the period of training or $6,000, whichever is lesser. S. 1033, on the other hand, provides that an employer may be reimbursed up to 25 percent on the wages paid, the actual cost of the training, or $3,000, whichever is the lesser.

As an employer, under which measure would you prefer to be reimbursed?

Mr. **Mayo**. We address that in our statement in that we think S. 1033 to be shy of what it needs to be in that area. The better the inducement, the more liable an employer is to hire.

Senator **Cranston**. Would you prefer S. 992's provision?

Mr. **Mayo**. Yes.

Senator **Cranston**. Finally, again to you, Phil, as is evident by much of the testimony this morning, there is considerable disagreement over which agency of the Federal Government should have basic control over a new program of employment training. Is the VFW's primary problem with S. 992 that it does not provide that the Department of Labor be the only agency involved?

Mr. **Mayo**. I wouldn't say it was the only agency.

Mr. **Graham**. Our problem with it is that we'd rather see the Department of Labor be the lead agency. Right now they are charged with the Job Training Partnership Act with $9.4 million. All the veterans' organizations pushed very hard to have that position of Assistant Secretary, and we feel it somewhat negates the purpose of having an Assistant Secretary for Veterans' Employment if he has such a small slice of the pie when it comes to what is basically an employment program.

Senator **Cranston**. Phil, why would you favor setting up a new benefits payment structure in an agency with little experience in that regard, as would be the case with respect to the Labor Department if it were to make the payments?

Mr. **Mayo**. Could you repeat that? I didn't understand.

Senator CRANSTON. Why would you favor setting up a new benefit payment structure in an agency, the Labor Department, a body that has little experience in that regard, as would be the case with respect to the Labor Department if it were to make the payments? Why do it there?

Mr. MAYO. That isn't the way I interpreted the bill of Senator Simpson, but it seemed to me that it detailed the VA would make payments. Perhaps I misread it.

Senator CRANSTON. Well, it's not specified clearly. Where would you prefer it?

Mr. MAYO. I think the VA would be more able to make the payments as currently set up.

Senator CRANSTON. Would the other veterans' groups respond in regard to the level of payment?

Mr. BOURIE. We go off a bit on the level of payments because it's something we certainly discussed internally within the American Legion.

When we get down to the philosophy, and not going on a tangent of the philosophy, it is to center in those growth, high-tech industries. I, for one, don't really know whether any amount is sufficient, whether $6,000 or $3,000. I did not talk with the business community here in Washington, so I can't really say with any degree of certainty whether that's good, given the plethora of jobs that may come out of this type of legislation or whatever emerges in its final form.

I would like to reserve commenting directly on the cost factors involved in the training of an individual, 30 percent versus a non-30 percent, or whether $6,000 or $3,000 or $9,000 is a good, bad, or indifferent figure. But I think when it comes to the actual payments that the VA is in a far better position to make the payments than the Department of Labor, especially the Office of Assistant Secretary. That office simply is incapable of making any payments.

Senator CRANSTON. Thank you very much. I will be submitting some written questions.

We could hear from the DAV, but excuse me for leaving while you are talking. Thank you very much.

Chairman SIMPSON. It is good to have you here. Thanks.

Mr. DRACH. If I may just respond to the Senator's question——

Chairman SIMPSON. Yes.

Mr. DRACH. Regrettably, very little is known about the cost of training, if you will. We believe that the $6,000 figure is probably a good figure to start with, and I think as the program develops, and perhaps as more information is developed, we can make a different determination on that.

We certainly like the idea of providing some additional—and, as I understand Senator Cranston's bill, it's a discretionary extension for the disabled veteran, 30 percent or more. We like the idea of providing, again, some additional incentives, be they discretionary or otherwise, for the disabled veteran.

Chairman SIMPSON. Let me ask a question of all of you.

If we were to adopt a nonentitlement approach, if we were to do that, and then recognizing that eligibility criteria are important there, what are your recommendations for deciding which of the qualified eligible applicants should be selected for participation in such a program?

Mr. GRAHAM. Senator, I believe, actually, that the eligibility requirements right now are so stringent, and I suspect that the wording was done in that specific manner just so that the number of veterans really couldn't be addressed. I'd leave it open, and it really would get down to a first-come-first-served basis. If we found that you had 500,000 veterans wanting to use the program and you didn't have sufficient funds, I think thereby lies the justification to increase the funding.

Chairman SIMPSON. Do any of you have any comments, please?

Mr. EGAN. I'd like to just say, Mr. Chairman, no matter how you draw the eligibility requirements, depending on the size of the authorization, and the size of the amount of money appropriated for the program, you may have a problem with whether or not the program, for all practical purposes, is over with before the conclusion of any given fiscal year throughout the duration of the program, which is why we have advocated an entitlement.

I would like to say, after having said that, that as far as the American Legion is concerned, we do not associate ourselves with any suggestion that either any member or part of this committee or Congress has not done its level best to look after the interests of the veterans.

Chairman SIMPSON. I don't think that—that wasn't part of that response, either. I see no need to set yourself aside from that. That was a comment that had to do with another general comment, and I understand that.

Did you have any comment on the issue or recommendation of eligibility? Excuse me, Phil. Ron, did you?

Mr. DRACH. Thank you, Mr. Chairman.

It was a poor choice of words earlier.

On the question of the issue right now, DAV has not taken a position as to whether or not it should be an entitlement program or an authorization program. We're going to look at that. We will be glad to provide you something additional in writing.

Chairman SIMPSON. I appreciate that.

[Subsequently, the Disabled American Veterans submitted the following information:]

Considering the uncertainty relating to the availability of funding in the fiscal year 1984 budget, we believe the creation of a "limited" entitlement program would serve to: Meet the reservations of those who are concerned over the proliferation of entitlement programs; insure that funding of the program would occur; and, thus, make certain that job training services are provided to veterans.

In our view, this could best be accomplished by making benefits available under the new program only for a specified period of time and by placing a cap ($150 million) on fiscal year 1984 expenditures for veterans' job training. Benefits would be provided on a first come, first serve basis.

Frankly, Mr. Chairman, a limited entitlement program would provide at least some assurance that a given number of jobs would be provided to veterans.

Chairman SIMPSON. Every one of you is very alert to budgetary ramifications of what we do. It is a very important part of your daily function. I would like to have your comments, each of you, on the CBO preliminary estimate that the 4-year cost of S. 992 would be approximately $1 billion, please.

Mr. Mayo. It would seem to me, sir, that a program of that size would be much more difficult to get enacted at this time.

Chairman Simpson. You are speaking with great clarity today, Phil.

Yes, please? Mr. Bourie, do you have any comment on that?

Mr. Bourie. On the budget?

Chairman Simpson. Yes, on the figure of CBO's preliminary estimate that the 4-year cost of S. 992 would be $1 billion. How do we work that into these times and days?

Mr. Bourie. You'd have difficulty, I can assure you.

We do get a crush of veterans to jump at this program. I was just checking my facts and figures.

The program is due to terminate 30 months from the date of enactment. So assume the date of enactment is July 1983. We've got less than 3 years. CBO is based on 4 years. We don't expect it to go beyond 30 months, S. 992, so we'd have to take that into consideration.

As far as just the overall recommendations, I think we would like to see some type of cost sharing with employers for the removal of architectural barriers for the disabled veterans, and wheelchairs. There are attendant problems with people who are wheelchair-bound. Many employers don't have to make those necessary adjustments, but we'd like to see some type of cost sharing up to a percentage point, 25, 30, whatever would seem reasonable, as well as limiting the amount of times a veteran can enroll in this type of program, rather than bounce from employer to employer, saying two or three times and that's it, you're out of the program, you're no longer considered eligible for it.

Of course, as you said in your opening remarks, Mr. Chairman, and Senator Cranston, keeping it simple—there's nothing that's going to bog this thing down, no matter what form it finally takes, as paperwork. If I put myself in the shoes of a small employer and realize the paperwork involved in this thing, I would never go for it. The heck with it. It's just too great an entanglement. Everybody's got their nose involved in it.

Chairman Simpson. Thank you. It is important, I think, as I understand the legislation, that it could—that it is good to compute on a 4-year basis. I believe that it provides that there is a 2½-year period and then it's closed to new applicants, but it certainly goes on up to a total of 4 years. I think that is why the figures were presented.

Let me ask, Ron, the DAV—you indicated support for a thought that I shared at the last markup. That is a job training program through a system of tax incentives. Would it be your recommendation possibly—do you think we should just bypass this legislation, any version, and switch on to a tax credit approach?

Mr. Drach. No, Mr. Chairman. If I could just pick up on the CBO thing, I haven't seen the CBO estimate and I'm not sure whether they addressed the subsequent or ultimate return to the Treasury in terms of tax dollars that these veterans would pay back in once they're employed. I hope that that's going to be given some consideration.

We would certainly support passage of some training legislation right now in the combined form of S. 992 and S. 1033, as well as taking a look at the housewares. Then, subsequent to that, because of the sequential jurisdiction that you would have in terms of dealing with tax incentives, pass something in this committee, and then take a look at the tax incentive issue.

Chairman SIMPSON. What is your feeling on the entitlement aspects of this kind of legislation? Would you clarify the DAV position for me on this position either for or against the entitlement aspects?

Mr. DRACH. On S. 1033 and S. 992? We don't have a position at the present time. I'll have to go back and submit that in writing, if I may.

Chairman SIMPSON. OK. Thank you.

[Subsequently, the Disabled American Veterans submitted the following information:]

Considering the uncertainty relating to the availability of funding in the fiscal year 1984 budget, we believe the creation of a "limited" entitlement program would serve to: Meet the reservations of those who are concerned over the proliferation of entitlement programs; insure that funding of the program would occur; and, thus, make certain that job training services are provided to veterans.

In our view, this could best be accomplished by making benefits available under the new program only for a specified period of time and by placing a cap ($150 million) on fiscal year 1984 expenditures for veterans' job training. Benefits would be provided on a first come, first serve basis.

Frankly, Mr. Chairman, a limited entitlement program would provide at least some assurance that a given number of jobs would be provided to veterans.

Chairman SIMPSON. I do appreciate having your testimony, all of you.

Here we are with a jobs bill which is topical and attractive to legislators. That's the way that is, and it is necessary, even more importantly.

Yet, now we are talking about an entitlement program which—regardless of its estimate, and every one that ever started, started conservative, as far as I know—is the very essence of some of our deepest problems in the country. Those entitlements are just built into the system, and they have engines of their own and run on their own fuel while the people of the country think we have great powers and prowess over them. About 70 percent of this Nation's budget is based upon some kind of self-fueling device with cost-of-living allowances and regular increases, and so on. Those things I know you're all aware of.

As you, Mr. Bourie, have shared in your remarks, you say that you have a heart-felt sensitivity to current budgetary constraints, and yet you embrace an entitlement program. It makes it tougher for us. That's all I can share with you. Indeed, it does.

And don't forget that not one of you, and this is a positive statement because you all have shared things that have been on your hearts and minds since I've been here, not one of you mentioned in the testimony many weeks ago anything about a jobs program. It had a life of its own, and it came into this committee and gained a life of its own, $150 million. I have no qualm with that. I am supportive of it, but it's interesting how those things occur. At the time of early budget and the sharing of the many things you had in mind, not one comment from any veterans' group ever came about a separate jobs bill with any figure on it, certainly not $150 million.

You, of all the people in Washington or in the land, know what it is when you come to these situations politically, realistically, budgetwise, and so on.

Yes? Did you have a comment?

Mr. EGAN. Yes. The fact that $150 million was requested be added to the VA budget, as you know, is largely the product of the leadership in both the House Veterans' Affairs Committee as well as this Veterans' Affairs Committee, not something that the veterans' organizations specifically asked for, as you know, which again supports the proposition that indeed this committee and the Congress do care about veterans, but we do feel an obligation to make a recommendation as to how best to pursue the program that is going to be funded, whether at a level of $75 million, $150 million, or, even as CBO suggested, a billion dollars over 4 years.

If we're going to regard the problem seriously enough, then we have to take the necessary steps to address the problem, unless we simply produce some kind of program that will spend *x* amount of dollars but not have the desired effect.

Chairman SIMPSON. Well, we do that with great gusto in this place. That's what we try to avoid. That's our duty in our oversight role here. So I think you recognize that we are responsive or we would not be here today and discussing this legislation.

I appreciate having your views. They are always helpful and always very much a part of this important process of meeting the needs of America's deserving veterans. I appreciate it. Thank you very much.

Mr. EGAN. Thank you.

[The responses of the American Legion, the Veterans of Foreign Wars, and the Disabled American Veterans to written questions submitted by Hon. Alan K. Simpson, chairman of the Senate Committee on Veterans' Affairs, and Hon. Alan Cranston, ranking minority member of the Senate Committee on Veterans' Affairs, follow:]

RESPONSE OF THE VETERANS OF FOREIGN WARS OF THE UNITED STATES TO WRITTEN QUESTIONS SUBMITTED BY HON. ALAN K. SIMPSON, CHAIRMAN OF THE SENATE COMMITTEE ON VETERANS' AFFAIRS

Question 1. At this Committee's markup of the VA budget for Fiscal Year 1984 several weeks ago, we agreed to include in our recommendations to the Budget Committee $150 million to allow us to consider two alternatives for its use -- the provision of a rate adjustment in Vietnam-era GI Bill educational benefits, and/or some kind of job or job training initiative.

In light of my commitment to support a rate increase in GI Bill benefits for Fiscal Year 1985, and in light of the high cost of providing meaningful assistance in the area of job training, what are your organizations' views with regard to how this $150 million is expended?

Answer. The VFW is of the opinion that Vietnam-era veterans have suffered a disproportionate share of reductions in federal spending and, once again, they are being asked to take a back seat when it comes to benefits. Vietnam veterans should not have to choose between a long over-due rate increase in GI Bill benefits or a jobs training program. Both are needed now and should be funded. The $4.6 billion jobs bill cleared for the President's signature does not include any set aside for the reported 883,000 unemployed veterans. In addition, if the House passed First Concurrent Budget Resolution, H. Con. Res. 91, increasing domestic spending by nearly $33 billion, is accepted in whole or in part by the Conferees, there would be no tenable justification for deferring until the Fiscal Year 1985 a cost-of-living increase for GI Bill beneficiaries.

Question 2. If Congress enacted a non-contributory, GI Bill education program to be provided to members of the peacetime, all-volunteer force -- and you all, to some extent, seem to support this -- in the event of wartime or conscription, would the veterans' organizations be satisfied to retain this same non-contributory program for wartime veterans or would they encourage Congress to "up the ante" for those who serve under those conditions?

Answer. The VFW supports the concept of a peacetime GI Bill with certain restrictions, as was pointed our in our statement. We consider a peacetime GI Bill as a Department of Defense recruitment and retention tool and not a veteran benefit per se. The VFW has historically supported the awarding of veterans' benefits predicated upon honorable service during periods of war or hostility. We believe a veteran who was conscripted into the defense of our nation during periods of hostility should be awarded benefits over and above those awarded individuals who voluntarily enlist during peacetime.

Question 3. The VA's testimony concerning their recent experience with applications under the targeted GI Bill delimiting date extension indicates a 17.4 percent cumulative approval rate through the end of last year. However, their approval rate appears to have increased substantially based on early 1983 figures, presumably as a result of clarifications made in this extension in Public Law 97-306.

Does the response which you have gotten from your membership reflect this improved approval rate?

Answer. We, as an organization, have not received any substantial feedback on this issue. Perhaps at a later date information will be available to us and, if so, we will be happy to share it with you.

Question 4. Do you support the addition of apprenticeship and on-the-job training as reimbursable programs under VEAP, in the manner recommended by the VA? That is, limiting eligibility to those individuals who have been discharged or released from the service?

Answer. Regarding the eligibility question, as put forth by the VA, we have no objection inasmuch as we cannot see how an individual who is a member of the Armed Forces could avail himself of these opportunities considering his full-time military commitment. With respect to transfering apprenticeship program to VEAP we would reserve judgement until the benefits and implementation thereof could be made available to us.

In addition, you requested our views on S. 691, the "Veterans Education Assistance Act of 1983", introduced by the Honorable William L. Armstrong along with several co-sponsors.

As stated in our testimony, the Veterans of Foreign Wars is fully supportive of a peacetime GI Bill to enhance the recruitment and retention of high caliber personnel for the Armed Forces. However, as you know, we do object to the transfer of educational benefits to the service member's spouse or children. By so doing, we would grant peacetime, career Armed Forces personnel serving of their own volition, a benefit heretofore not granted concripted wartime veterans. In addition, by so educating the children of active duty personnel, there would be less incentive for those same dependents to later enter the Armed Forces, thus reducing the pool of those willing to serve.

RESPONSE OF THE AMERICAN LEGION TO WRITTEN QUESTIONS SUBMITTED BY HON. ALAN CRANSTON,

RANKING MINORITY MEMBER OF THE SENATE COMMITTEE ON VETERANS' AFFAIRS

Question 1. **Both the DAV and the VFW have suggested that periods of training shorter than six months may be desirable and that a waiver authority to permit, for example, three-month training might be desirable. I'm sympathetic to this suggestion.**

What specific criteria would you suggest be applied to permit the approval of shorter training programs?

Answer 1. In your remarks upon introduction of S.992, you correctly pointed out that job training programs other than those aimed at "high tech" careers were appropriate for some individuals in some parts of the nation. With this in mind, it seems appropriate to offer eligible veterans under your program the widest possible latitude in the job training as long as there was a reasonable chance of permanent employment. The breadth of that latitude given the scope of the American economy suggests that strict criteria applied to shorter training periods by the cooperatively administering agencies could reduce the range of possible training programs a veteran might desire to enter. Therefore, shorter training periods should be permitted with the greatest administration flexibility possible. Perhaps, in cases of shorter training programs the Veterans Employment Training Service (VETS) could be used to monitor these particular training programs with closer scrutiny to ensure employer/training accountability.

Question 2. **With respect to the VFW's comments on the provisions of S. 992 that relate to the VA's on-job and apprenticeship training, I'd like to point out that that provision is designed to permit categorical approval of opportunities already in existence and approved by the VA so that if enacted, a "pool of training opportunities would be immediately available for eligible veterans. I'd further point out that, even though the retraining assistance benefits could not be paid for a period of training in excess of a year (except for a veteran with a 30-percent-or-more service-connected disability), that would in no way prohibit the total period of training from actually being longer. Indeed, after the retraining assistance allowance had been paid to the employer for the maximum one-year or 18-month period, a Vietnam-era veteran could become eligible for payment of an OJT allowance under chapter 36.**

In view of this explanation, do you endorse this provision of S. 992?

Answer 2. We would agree that a veteran having completed training under S.992 could again become eligible for OJT under chapter 36. The only caveat here is that the veteran having completed his training under S.992 must still be eligible for chapter 36 benefits. This is somewhat of a technical question, but if the program of training and retraining is designed to address an emergency unemployment situation then some assurance that the training under S.992 will yield permanent employment are certainly in order. In that regard it may be desirable to ask veterans to choose between training under S.992 or chapter 36, but not both.

Question 3. As I noted, I believe it is vitally important that the program that is developed be administratively simple so as not to discourage employers from participating. In that respect, would you not be concerned that any program that requires that a Federal official, whether it is the Secretary of Labor or the Administrator of Veterans' Affairs, find certain facts upon investigation -- rather than only requiring that the employer certify those facts -- could not help but discourage potential employers from participating and would complicate and delay the hiring process?

B. Would you please review the provisions of each measure in terms of the need for ease of administration and indicate which provisions are preferable in terms of administrative simplicity?

Answer 3. A. & B. If we read this question correctly, employers might be discouraged from participating in the training program if administering agencies were required to "find upon investigation" the qualifications for eligibility of the potential employer/trainer. The suggestion that a potential employer/trainer should merely certify certain criteria as true would undoubtedly ease administration and hiring while creating enhanced incentives to potential employer/trainer participants. On the other hand, the mere requirement that employer/trainer certify specified facts as true might also create incentives for employer/trainer abuses. Our principal concern, notwithstanding accountability is that the veterans program be competitive with other programs under the Job Training Partnership Act (JTPA). If certain facts need be found upon investigation by administering agencies in JTPA then the same requirement should be made in S.992.

Question 4. The VFW indicated support for payments being made to employers more frequently than quarterly. However, under S. 1033 only certain small businesses would be eligible for monthly payments -- those participating in an assistance program under the Small Business Act or the Small Business Investment Act of 1958; otherwise, payments would be made in a lump-sum following the completion of the entire period of training. Would you comment on what you believe an appropriate approach would be to the frequency of payments?

Answer 4. It is clear that many, if not most, new small businesses experience cash flow problems. Accelerating the payment schedule for these potential employer/trainers seems a good idea. Without attempting to delineate what criteria might be used to certify a small business as eligible for accelerated payments, it may be more appropriate to add language to S.992 requiring SBA to provide the criteria. That agency, after all, is already required to cooperate in the program. Perhaps more importantly, there may not be another agency more qualified to develop an accelerated payment eligibility criteria.

Question 5. With respect to length-of-unemployment criteria for veteran eligibility, my bill provides eligibility for unemployed veterans who have been unemployed for 15 out of the 20 weeks immediately preceeding application, as well as those who have been terminated from jobs to which they are unlikely to return. S. 1033, on the other hand, would require that veterans be unemployed for fifteen consecutive weeks at the time of application in order to be eligible. The reason I've adopted the 15-out-of-20-weeks approach is to take into account the needs of a veteran who may have, during a period of extended unemployment, held a part-time or temporary job for a short period of time. Given the differences between the two measures on this issue, would you please comment on which approach you believe is preferable?

Answer 5. The provisions of S.1055 requiring 15 consecutive weeks of unemployment at the time of application for participation in the training program are reasonable. The requirement in S.992 of unemployment in 15 of the last 20 weeks prior to application for the program does recognize appropriately a situation in which a veteran may have had part time employment. Perhaps, a provision requiring either 15 consecutive weeks of unemployment or 15 of the last 20 weeks of unemployment in cases where the veterans could show he had been engaged in part time work would be in order.

Question 6. The DAV commented on the minimum length-of-service requirement for general eligibility under S. 1033.

A. Do you have any concerns in this regard?

B. Would the approach in my bill -- that is a requirement of past or current GI Bill eligibility -- be satisfactory?

Answer 6. A. Our concerns on length of service for eligibility are that this program's requirements should be consistent with other readjustment programs.

B. The requirement that past or current G.I. Bill eligibility be used as criteria for eligibility under S.992 is satisfactory. We regard this requirement as the easiest way of limiting eligibility to war time veterans.

RESPONSE OF THE VETERANS OF FOREIGN WARS OF THE UNITED STATES TO WRITTEN QUESTIONS SUBMITTED BY HON. ALAN CRANSTON, RANKING MINORITY MEMBER OF THE SENATE COMMITTEE ON VETERANS' AFFAIRS

Question #1 - Both the DAV and the VFW have suggested that periods of training shorter than six months may be desirable and that a waiver authority to permit, for example, three-month training might be desirable. I'm sympathetic to this suggestion.

What specific criteria would you suggest be applied to permit the approval of shorter training programs?

Answer 1. We do not view the need for any additional specific criteria to be applied to permit approval of a shorter training program.

Question #2 - With respect to the VFW's comments on the provisions of S.992 that relate to the VA's on-job and apprenticeship training, I'd like to point out that that provision is designed to permit categorical approval of opportunities already in existence and approved by the VA so that if enacted, a "pool of training opportunities would be immediately available for eligible veterans. I'd further point out that, even though the retraining assistance benefits could not be paid for a period of training in excess of a year (except for a veteran with a 30-percent-or-more-service-connected disability), that would in no way prohibit the total period of training from actually being longer. Indeed, after the retraining assistance allowance had been paid to the employer for the maximum one-year or 18-month period, a Vietnam-era veteran could become eligible for payment of an OJT allowance under chapter 36.

In view of this explanation, do you endorse this provison of S.992?

Answer 2. Yes.

Question #3A - As I noted, I believe it is vitally important that the program that is developed be administratively simple so as not to discourage employers from participating. In that respect, would you not be concerned that any program that requires that a Federal official, whether it is the Secretary of Labor or the Administrator of Veterans' Affairs, find certain facts upon investigation -- rather than only requiring that the employer certify those facts -- could not help but discourage potential employers from participating and would complicate and delay the hiring process?

Answer 3A. The VFW believes that it is absolutely necessary that a Federal official either from the Department of Labor or the Veterans Administration at some point determine - based upon investigation - the validity of factual statements submitted by the employer. We do not view this as being prohibitively time-consuming to the employer. As to complications that may arise, we do believe that potential employers who are serious about participation would not be discouraged.

Question #3B - Would you please review the provisions of each measure in terms of the need for ease of administration and indicate which provisions are preferable in terms of administrative simplicity?

Answer 3B. Inasmuch as the Veterans Administration or the Department of Labor, or a combination of both will, in the final analysis, "administer" the program, it will be necessary to consult with both prior to providing a response. Additionally, it would be most beneficial to consult with members of your staff and other Senate and House staff before providing a response to assure we have the best available information upon which to base our response.

Question #4 - The VFW indicated support for payments being made to employers more frequently than quarterly. However, under S.1033 only certain small businesses would be eligible for monthly payments -- those participating in an assistance program under the Small Business Act or the Small Business Investment Act of 1958; otherwise, payments would be made in a lump-sum following the completion of the entire period of training. Would you comment on what you believe an appropriate approach would be to the frequency of payments?

Answer 4. The VFW believes that payments should be made on a monthly basis to insure the least amount of financial hardship on the employer, particularly the small business employer.

Question #5 - With respect to length-of-employment criteria for veteran eligibility, my bill provides eligibility for unemployed veterans who have been unemployed for 15 out of the 20 weeks immediately proceeding application, as well as those who have been terminated from jobs to which they are unlikely to return. S.1033, on the other hand, would require that veterans be unemployed for fifteen consecutive weeks at the time of application in order to be eligible. The reason I've adopted the 15-out-of-20-weeks approach is to take into account the needs of a veteran who may have, during a period of extended unemployment, held a part-time or temporary job for a short period of time. Given the differences between the two measures on this issue, would you please comment on which approach you believe is preferable?

Answer 5. The VFW disagrees with both of these measures in that we believe a veteran need be unemployed for only one day to be eligible for any of the employment programs authorized.

Question #6 - The DAV commented on the minimum length-of-service requirement for general eligibility under S.1033.

A. Do you have any concerns in this regard?

B. Would the approach in my bill -- that is a requirement of past or current GI Bill eligibility -- be satisfactory?

Answer 6. The VFW believes that the minimum length-of-service requirement for general eligibility should be the same as written under Chapter 42, Section 2011 which, in part, states "the term eligible veteran means a person who (A) served on active duty for a period of more than 180 days and was discharged or released therefrom with other than a dishonorable discharge, or (B) was discharged or released from active duty because of service-connected disability."

B. Since the requirements are basically the same as stated above for eligibility for the GI Bill, we believe it would be satisfactory.

Question #7 - The VFW's statement seems to suggest that the measure I have introduced would require substantial modifications. Please provide a detailed description of those modifications along with a detailed description of any modifications that you believe would be required in S.1033.

Answer 7. See testimony provided for the record for modifications we believe are necessary.

RESPONSE OF THE DISABLED AMERICAN VETERANS TO WRITTEN QUESTIONS SUBMITTED BY HON. ALAN CRANSTON, RANKING MINORITY MEMBER OF THE SENATE COMMITTEE ON VETERANS' AFFAIRS

Question 1. Both the DAV and the VFW have suggested that periods of training shorter than six months may be desirable and that a waiver authority to permit, for example, three-month training might be desirable. I'm sympathetic to this suggestion.

What specific criteria would you suggest be applied to permit the approval of shorter training programs?

Answer 1. It is our belief that the waiver authority would be discretionary through regulations developed by the Veterans Administration or the authorizing agency. As I indicated during the hearings, very little information is available on training programs other than those already approved for VA benefits.

As we know, those existing approved programs require a minimum six months training. Because of changing technology and the makeup of the labor force, we believe there may be legitimate small training programs of less than six months duration that if determined by the Administrator to be valid training opportunities, then the program should be approved.

Question 2. With respect to the VFW's comments on the provisions of S. 992 that relate to the VA's on-job and apprenticeship training, I'd like to point out that that provision is designed to permit categorical approval of opportunities already in existence and approved by the VA so that if enacted, a "pool of training opportunities would be immediately available for eligible veterans. I'd further point out that, even though the retraining assistance benefits could not be paid for a period of training in excess of a year (except for a veteran with a 30-percent-or-more service-connected disability), that would in no way prohibit the total period of training from actually being longer. Indeed, after the retraining assistance allowance had been paid to the employer for the maximum one-year or 18-month period, a Vietnam-era veteran could become eligible for payment of an OJT allowance under chapter 36.

In view of this explanation, do you endorse this provision of S. 992?

Answer 2. We would have no opposition to the provision you mention. Our only suggestion would be to allow concurrent payments to the employer under any new legislation along with benefits payable to the veteran under appropriate provisions of Chapters 31 or 34.

Question 3. As I noted, I believe it is vitally important that the program that is developed be administratively simple so as not to discourage employers from participating. In that respect, would you not be concerned that any program that requires that a Federal official, whether it is the Secretary of Labor or the Administrator of Veterans' Affairs, find certain facts upon investigation -- rather than only requiring that the employer certify those facts -- could not help but discourage potential employers from participating and would complicate and delay the hiring process?

Answer 3A. We totally agree with your observation, as well as others regarding the simplicity of the program. We certainly support the idea of requiring the employer to certify certain facts, but we also believe that the Administrator or Secretary of Labor should have authority to uncover other certain facts "upon investigation" if apparent fraud or abuse exists.

Question 3B. Would you please review the provisions of each measure in terms of the need for ease of administration and indicate which provisions are preferable in terms of administrative simplicity?

Answer 3B. I have attached a draft of what we believe may be workable.

In lieu of formal contracts, non-competitive funding agreements could be signed with the employer. These agreements may be cancelled by the authorizing agency if minimum standards are not met. Standards would, of course, have to be developed by the authorizing agency.

Eligible veterans could be issued a special voucher and the veteran could try to "market himself." This, of course, would be in addition to the other officials, i.e., DVOPs, LVERs, Vocational Rehabilitation Counselors, VBCs and other designated to market the program.

In those instances where an employer may have more than one employment site, i.e., different states, one "national" or "regional" agreement could be signed covering all facilities.

Payments could be made perhaps on a progressive scales, i.e, first period of training -- 75%, second period of training -- 50%, third period of training -- 25% or some other similar formula.

The employer should, of course, prepare a training outline but it should be kept as simple as possible.

We believe that additional incentives should be provided to assure continued employment. Perhaps a special "bonus" could be paid at the completion of the training. This is not all unlike the current "bonus" paid to disabled veterans upon completion of Chapter 31.

Question 4. The VFW indicated support for payments being made to employers more frequently than quarterly. However, under S. 1033 only certain small businesses would be eligible for monthly payments -- those participating in an assistance program under the Small Business Act or the Small Business Investment Act of 1958; otherwise, payments would be made in a lump-sum following the completion of the entire period of training. Would you comment on what you believe an appropriate approach would be to the frequency of payments?

Answer 4. The DAV has no opposition to payments on a monthly basis. We believe that perhaps a significant number of opportunities may become available from small businesses who need the cash flow. Making that employer wait for a quarterly payment or a lump sum payment may be a deterent to his or her participation. Since the VA is already set up to make monthly payments perhaps that would be the most efficient method.

Question 5. With respect to length-of-unemployment criteria for veteran eligibility, my bill provides eligibility for unemployed veterans who have been unemployed for 15 out of the 20 weeks immediately preceeding application, as well as those who have been terminated from jobs to which they are unlikely to return. S. 1033, on the other hand, would require that veterans be unemployed for fifteen consecutive weeks at the time of application in order to be eligible. The reason I've adopted the 15-out-of-20-weeks approach is to take into account the needs of a veteran who may have, during a period of extended unemployment, held a part-time or temporary job for a short period of time. Given the differences between the two measures on this issue, would you please comment on which approach you believe is preferable?

Answer 5. We support the definition of "unemployed" as delineated in our prepared statement.

Question 6. You commented on the minimum length-of-service requirement for general eligibility under S. 1033.

A. Do you have a recommendation regarding the best approach to take in this area?

B. Would the approach in my bill -- that is a requirement of past or current GI Bill eligibility -- be satisfactory?

Answer 6. With regard to the definition of "minimum length of service requirement," we refer you to our prepared statement, which is our position on that provision.

Question 7. You noted that, with respect to new section 1955(b) as proposed to be added by S. 992, "authority already exists to cover the potential fraudulent statements or certifications by a veteran."

A. To what authority are you referring?

B. How would that authority be sufficient to clarify who would be liable -- that is, the veteran or the employer -- in the event an overpayment is made because of a false certification by the veteran?

C. If the answer to "A" is the existing criminal sanction for fraudulent claims, why do you prefer reliance on a criminal proceeding to civil enforcement remedies?

Answer 7. We believe the authority exists in Chapter 61 of Title 38, U.S. Code. It is our position that the employer should be responsible only if he is the perpetrator and should not be held liable for fradulent actions of the veteran. We also believe that the "criminal proceeding" you refer to would be a much stronger deterent than any civil enforcement remedies.

Chairman SIMPSON. I believe that concludes the hearing for today. There are no further announcements.

Thank you to the crew, the staff.

I thank the staff for their fine work. Thank you.

[Whereupon, at 11:40 a.m., the hearing was concluded.]

[The committee received the following written statement for the hearing record:]

PREPARED STATEMENT OF WILLIAM L. HEARTWELL, JR., EXECUTIVE VICE-PRESIDENT, INTERSTATE CONFERENCE OF EMPLOYMENT SECURITIES AGENCIES, INCORPORATED, WASHINGTON, D.C.

On behalf of the members of the Interstate Conference of Employment Security Agencies, Inc. (ICESA), let me express our appreciation for the opportunity to present our views, for the record, regarding S.992 and S.1033, which would establish job training programs for veterans.

At the onset, Mr. Chairman, we wish to commend you and Senator Cranston for the leadership that both of you have demonstrated in addressing one of the most serious problems facing the target groups specified in the bills. Unemployment among veterans, especially Vietnam-era and disabled veterans, is at a critically high level, exceeding the rate for related groups in the non-veteran population. Clearly, there is a need now to do more in assisting veterans to receive the kinds of skill training that will eventually lead to unsubsidized employment. Both measures recognize this need, although they vary in approach and design. The major concern that our organization has is with the role of the VA and Department of Labor in administering veterans employment and training programs as addressed in these and future bills.

While it is appropriate for the VA to coordinate its activities with and provide support for veterans employment and training programs, it should not function in a lead capacity. .The Interstate Conference firmly believes that the Secretary of Labor for Veterans Employment and Training (ASVET) is appropriately staffed to administer these types of programs and, further, that statutorily the office has clearly been assigned this role by Congress in P.L. 96-466 (dated October 17, 1980), with further legislative support found in Title IV, Part C of the Job Training Partnership Act. Under the leadership of the Assistant Secretary, and in close cooperation with the State Employment Security Agencies, a delivery system is already in place for veterans employment and training programs.

For nearly 40 years, federal (ASVET) staff have been working on-site, in each state, in cooperation with the State Employment Service, to serve the employment and training needs of veterans. The State Directors for Veteran's Employment (SDVEs) and their assistants work closely with the State Employment Service (ES) system and, particularly, the nearly 3,600 specialized staff of the ES (Local Veteran Employment Representatives (LVERs) and Disabled Veteran Outreach Program (DVOP) specialists) who serve only veterans. For the most part, these state agency staff are housed in ES local offices where they can initiate outreach activities and utilize the basic services and programs available throughout the ES network of offices.

Over the years, both Federal and State veterans services staff have developed the expertise in areas essential to ensuring that the type of program envisioned in these bills will, in fact, have their greatest chance of success. Extensive experience in outreach, assessment, job training referral and employer contact, together with a vast knowledge of state and local employment, training and support programs, is strong justification for placing this proven delivery system in the lead role regardless of the final design that emerges from the two measures before the Committee. To do otherwise, would create a duplication of service delivery that would be costly, confusing to veterans, and burdensome to employers. In this regard, we support the approach taken in S.1033.

Further, Mr. Chairman, we ask that the Committee give serious consideration to supporting an increase in the level of FY 1984 funds for the ES system above that which has been requested by this Administration. ES staffyears have been reduced 21 percent from the FY 1981 level of 30,000. This reduction has seriously impacted on the ability of LVERs and DVOPs, as well as ASVET staff, to adequately perform their tasks, because of cutbacks that have had to be made in vital ES service areas such as counseling and testing. Without adequate ES resources, Federal and State veterans services staff will not have the necessary tools to effectively serve the veterans population that require these services. In FY 1982, for example, there was a 36 percent drop in the number of veterans counseled as compared to the previous fiscal year; and during the same period we saw a 19.7 percent reduction in placements, down to 408,000. This can be directly attributed to the staffyear reduction, and without additional staff this reduced level of service is likely to continue.

The Interstate Conference, therefore, is requesting the appropriate committees of the Congress to increase the allotments to states portion of the ES budget by $113M above the Administration's total ES request of $857.8M. This would add an additional 3,300 staff and put the system on the road to recovery. It is critical for this Committee to realize that it is not enough to budget separately for DVOPs, LVERs and SDEs; there must be adequate funding of the ES to ensure that these dedicated staff have adequate facilities, services and support systems to help them perform their tasks.

We strongly recommend that the Committee give serious consideration to the issues addressed in this paper. Should there be a need for us to elaborate on a particular area or if we can be of further assistance to you in the development of the legislation, we would be most pleased to assist.

Again, we thank you for the opportunity to provide these comments.

APPENDIX

Public Law 98-77
98th Congress

An Act

To establish an emergency program of job training assistance for unemployed Korean conflict and Vietnam-era veterans, and for other purposes.

Aug. 15, 1983
[H.R. 2355]

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

Emergency, Veterans' Job Training Act of 1983.

SHORT TITLE; TABLE OF CONTENTS

SECTION 1. This Act may be cited as the "Emergency Veterans' Job Training Act of 1983".

29 USC 1721 note.

TABLE OF CONTENTS

Sec. 1. Short title; table of contents.
Sec. 2. Purpose.
Sec. 3. Definitions.
Sec. 4. Establishment of program.
Sec. 5. Eligibility for program; duration of assistance.
Sec. 6. Employer job training programs.
Sec. 7. Approval of employer programs.
Sec. 8. Payments to employers; overpayments.
Sec. 9. Entry into program of job training.
Sec. 10. Provision of training through educational institutions.
Sec. 11. Discontinuance of approval of participation in certain employer programs.
Sec. 12. Inspection of records; investigations.
Sec. 13. Coordination with other programs.
Sec. 14. Counseling.
Sec. 15. Information and outreach; use of agency resources.
Sec. 16. Authorization of appropriations.
Sec. 17. Termination of program.
Sec. 18. Expansion of targeted delimiting date extension.
Sec. 19. Effective date.

PURPOSE

SEC. 2. The purpose of this Act is to address the problem of severe and continuing unemployment among veterans by providing, in the form of payments to defray the costs of training, incentives to employers to hire and train certain wartime veterans who have been unemployed for long periods of time for stable and permanent positions that involve significant training.

29 USC 1721 note.

DEFINITIONS

SEC. 3. For the purposes of this Act:

29 USC 1721 note.

(1) The term "Administrator" means the Administrator of Veterans' Affairs.

(2) The term "Secretary" means the Secretary of Labor.

(3) The terms "veteran", "Korean conflict", "compensation", "service-connected", "active military, naval, or air service", "State", and "Vietnam era", have the meanings given such terms in paragraphs (2), (9), (13), (16), (20), (24), and (29), respectively, of section 101 of title 38, United States Code.

ESTABLISHMENT OF PROGRAM

29 USC 1721 note.

SEC. 4. (a) The Administrator and, to the extent specifically provided by this Act, the Secretary shall carry out a program in accordance with this Act to assist eligible veterans in obtaining employment through training for employment in stable and permanent positions that involve significant training. The program shall be carried out through payments to employers who employ and train eligible veterans in such jobs in order to assist such employers in defraying the costs of necessary training.

(b) The Secretary shall carry out the Secretary's responsibilities under this Act through the Assistant Secretary of Labor for Veterans' Employment established under section 2002A of title 38, United States Code.

ELIGIBILITY FOR PROGRAM; DURATION OF ASSISTANCE

29 USC 1721 note.

SEC. 5. (a)(1) To be eligible for participation in a job training program under this Act, a veteran must be a Korean conflict or Vietnam-era veteran who—

(A) is unemployed at the time of applying for participation in a program under this Act; and

(B) has been unemployed for at least fifteen of the twenty weeks immediately preceding the date of such veteran's application for participation in a program under this Act.

"Korean conflict or Vietnam-era veteran."

(2) For purposes of paragraph (1), the term "Korean conflict or Vietnam-era veteran" means a veteran—

(A) who served in the active military, naval, or air service for a period of more than one hundred and eighty days, any part of which was during the Korean conflict or the Vietnam era; or

(B) who served in the active military, naval, or air service during the Korean conflict or the Vietnam era and—

(i) was discharged or released therefrom for a service-connected disability; or

(ii) is entitled to compensation (or but for the receipt of retirement pay would be entitled to compensation).

(3) For purposes of paragraph (1), a veteran shall be considered to be unemployed during any period the veteran is without a job and wants and is available for work.

Application for participation.

(b)(1) A veteran who desires to participate in a program of job training under this Act shall submit to the Administrator an application for participation in such a program. Such an application—

(A) shall include a certification by the veteran that the veteran is unemployed and meets the other criteria for eligibility prescribed by subsection (a); and

(B) shall be in such form and contain such additional information as the Administrator may prescribe.

(2)(A) Subject to subparagraph (B), the Administrator shall approve an application by a veteran for participation in a program of job training under this Act unless the Administrator finds that the veteran is not eligible to participate in a program of job training under this Act.

Limitation of participants.

(B) The Administrator may withhold approval of an application of a veteran under this Act if the Administrator determines that, because of limited funds available for the purpose of making payments to employers under this Act, it is necessary to limit the number of participants in programs under this Act.

Certification of eligibility.

(3)(A) The Administrator shall certify as eligible for participation under this Act a veteran whose application is approved under this subsection and shall furnish the veteran with a certificate of that veteran's eligibility for presentation to an employer offering a program of job training under this Act. Any such certificate shall expire 60 days after it is furnished to the veteran. The date on which a certificate is furnished to a veteran under this paragraph shall be stated on the certificate.

(B) A certificate furnished under this paragraph may, upon the veteran's application, be renewed in accordance with the terms and conditions of subparagraph (A).

Maximum training period.

(c) The maximum period of training for which assistance may be provided on behalf of a veteran under this Act is—

(1) fifteen months in the case of—

(A) a veteran with a service-connected disability rated at 30 percent or more; or

(B) a veteran with a service-connected disability rated at 10 percent or 20 percent who has been determined under section 1506 of title 38, United States Code, to have a serious employment handicap; and

(2) nine months in the case of any other veteran.

EMPLOYER JOB TRAINING PROGRAMS

Occupational criteria.
29 USC 1721 note.

SEC. 6. (a)(1) Except as provided in paragraph (2), in order to be approved as a program of job training under this Act, a program of job training of an employer approved under section 7 must provide training for a period of not less than six months in an occupation in a growth industry, in an occupation requiring the use of new technological skills, or in an occupation for which demand for labor exceeds supply.

(2) A program of job training providing training for a period of at least three but less than six months may be approved if the Administrator determines (in accordance with standards which the Administrator shall prescribe) that the purpose of this Act would be met through that program.

(b) Subject to section 10 and the other provisions of this Act, a veteran who has been approved for participation in a program of job training under this Act and has a current certificate of eligibility for such participation may enter a program of job training that has been approved under section 7 and that is offered to the veteran by the employer.

APPROVAL OF EMPLOYER PROGRAMS

29 USC 1721 note.

SEC. 7. (a)(1) An employer may be paid assistance under section 8(a) on behalf of an eligible veteran employed by such employer and participating in a program of job training offered by that employer only if the program is approved under this section and in accordance with such procedures as the Administrator may by regulation prescribe.

(2) Except as provided in subsection (b), the Administrator shall approve a proposed program of job training of an employer unless the Administrator determines that the application does not contain a certification and other information meeting the requirements established under this section or that withholding of approval is warranted under subsection (g).

Employment restrictions.

(b) The Administrator may not approve a program of job training—

(1) for employment which consists of seasonal, intermittent, or temporary jobs;

(2) for employment under which commissions are the primary source of income;

(3) for employment which involves political or religious activities;

(4) for employment with any department, agency, instrumentality, or branch of the Federal Government (including the United States Postal Service and the Postal Rate Commission); or

(5) if the training will not be carried out in a State.

Application by employer.

(c) An employer offering a program of job training that the employer desires to have approved for the purposes of this Act shall submit to the Administrator a written application for such approval. Such application shall be in such form as the Administrator shall prescribe.

Required certification by employer.

(d) An application under subsection (c) shall include a certification by the employer of the following:

(1) That the employer is planning that, upon a veteran's completion of the program of job training, the employer will employ the veteran in a position for which the veteran has been trained and that the employer expects that such a position will be available on a stable and permanent basis to the veteran at the end of the training period.

(2) That the wages and benefits to be paid to a veteran participating in the employer's program of job training will be not less than the wages and benefits normally paid to other employees participating in a comparable program of job training.

(3) That the employment of a veteran under the program—

(A) will not result in the displacement of currently employed workers (including partial displacement such as a reduction in the hours of nonovertime work, wages, or employment benefits); and

(B) will not be in a job (i) while any other individual is on layoff from the same or any substantially equivalent job, or (ii) the opening for which was created as a result of the employer having terminated the employment of any regular employee or otherwise having reduced its work force with the intention of hiring a veteran in such job under this Act.

(4) That the employer will not employ in the program of job training a veteran who is already qualified by training and experience for the job for which training is to be provided.

(5) That the job which is the objective of the training program is one that involves significant training.

(6) That the training content of the program is adequate, in light of the nature of the occupation for which training is to be provided and of comparable training opportunities in such occupation, to accomplish the training objective certified under clause (2) of subsection (e).

(7) That each participating veteran will be employed full time in the program of job training.

(8) That the training period under the proposed program is not longer than the training periods that employers in the

community customarily require new employees to complete in order to become competent in the occupation or job for which training is to be provided.

(9) That there are in the training establishment or place of employment such space, equipment, instructional material, and instructor personnel as needed to accomplish the training objective certified under clause (2) of subsection (e).

(10) That the employer will keep records adequate to show the progress made by each veteran participating in the program and otherwise to demonstrate compliance with the requirements established under this Act.

(11) That the employer will furnish each participating veteran, before the veteran's entry into training, with a copy of the employer's certification under this subsection and will obtain and retain the veteran's signed acknowledgment of having received such certification.

(12) That the program meets such other criteria as the Administrator may determine are essential for the effective implementation of the program established by this Act.

(e) A certification under subsection (d) shall include—

(1) a statement indicating (A) the total number of hours of participation in the program of job training to be offered a veteran, (B) the length of the program of job training, and (C) the starting rate of wages to be paid to a participant in the program; and

(2) a description of the training content of the program (including any agreement the employer has entered into with an educational institution under section 8) and of the objective of the training.

(f)(1) Except as specified in paragraph (2), each matter required to be certified to in paragraphs (1) through (11) of subsection (d) shall be considered to be a requirement established under this Act.

(2)(A) For the purposes of section 8(c), only matters required to be certified in paragraphs (1) through (10) of subsection (d) shall be so considered.

(B) For the purposes of section 11, a matter required to be certified under paragraph (12) of subsection (d) shall also be so considered.

Regulations.

(g) In accordance with regulations which the Administrator shall prescribe, the Administrator may withhold approval of an employer's proposed program of job training pending the outcome of an investigation under section 12 and, based on the outcome of such an investigation, may disapprove such program.

(h) For the purposes of this section, approval of a program of apprenticeship or other on-job training for the purposes of section 1787 of title 38, United States Code, shall be considered to meet all requirements established under this Act for approval of a program of job training.

PAYMENTS TO EMPLOYERS; OVERPAYMENT

29 USC 1721 note.

SEC. 8. (a)(1) Except as provided in paragraph (3) and subsection (b) and subject to the provisions of section 9, the Administrator shall make quarterly payments to an employer of a veteran participating in an approved program of job training under this Act. Subject to section 5(c) and paragraph (2), the amount paid to an employer on behalf of a veteran for any period of time shall be 50 percent of the product of (A) the starting hourly rate of wages paid to the veteran by the employer (without regard to overtime or premium pay), and (B) the number of hours worked by the veteran during that period.

(2) The total amount that may be paid to an employer on behalf of a veteran participating in a program of job training under this Act is $10,000.

(3) In order to relieve financial burdens on business enterprises with relatively few numbers of employees, the Administrator may make payments under this Act on a monthly, rather than quarterly, basis to an employer with a number of employees less than a number which shall be specified in regulations which the Administrator shall prescribe for the purposes of this paragraph.

Certification.

(b) Payment may not be made to an employer for a period of training under this Act on behalf of a veteran until the Administrator has received—

(1) from the veteran, a certification that the veteran was employed full time by the employer in a program of job training during such period; and

(2) from the employer, a certification—

(A) that the veteran was employed by the employer during that period and that the veteran's performance and progress during such period were satisfactory; and

(B) of the number of hours worked by the veteran during that period.

With respect to the first such certification by an employer with respect to a veteran, the certification shall indicate the date on which the employment of the veteran began and the starting hourly rate of wages paid to the veteran (without regard to overtime or premium pay).

Liability to U.S.

(c)(1)(A) Whenever the Administrator finds that an overpayment under this Act has been made to an employer on behalf of a veteran as a result of a certification, or information contained in an application, submitted by an employer which was false in any material respect, the amount of such overpayment shall constitute a liability of the employer to the United States.

(B) Whenever the Administrator finds that an employer has failed in any substantial respect to comply for a period of time with a requirement established under this Act (unless the employer's failure is the result of false or incomplete information provided by the veteran), each amount paid to the employer on behalf of a veteran for that period shall be considered to be an overpayment under this Act, and the amount of such overpayment shall constitute a liability of the employer to the United States.

(2) Whenever the Administrator finds that an overpayment under this Act has been made to an employer on behalf of a veteran as a result of a certification by the veteran, or as a result of information provided to an employer or contained in an application submitted by the veteran, which was willfully or negligently false in any material respect, the amount of such overpayment shall constitute a liability of the veteran to the United States.

Overpayment recovery.

(3) Any overpayment referred to in paragraph (1) or (2) may be recovered in the same manner as any other debt due the United States. Any overpayment recovered shall be credited to funds available to make payments under this Act. If there are no such funds, any overpayment recovered shall be deposited into the Treasury.

Waiver.

(4) Any overpayment referred to in paragraph (1) or (2) may be waived, in whole or in part, in accordance with the terms and conditions set forth in section 3102 of title 38, United States Code.

ENTRY INTO PROGRAM OF JOB TRAINING

29 USC 1721 note.

SEC. 9. Notwithstanding any other provision of this Act, the Administrator may withhold or deny approval of a veteran's entry into an approved program of job training if the Administrator determines that funds are not available to make payments under this Act on behalf of the veteran to the employer offering that program. Before the entry of a veteran into an approved program of job training of an employer for purposes of assistance under this Act, the employer shall notify the Administrator of the employer's intention to employ that veteran. The veteran may begin such program of job training with the employer two weeks after the notice is transmitted to the Administrator unless within that time the employer has received notice from the Administrator that approval of the veteran's entry into that program of job training must be withheld or denied in accordance with this section.

Notification to Administrator.

PROVISION OF TRAINING THROUGH EDUCATIONAL INSTITUTIONS

29 USC 1721 note.

38 USC 1651 *et seq.*

SEC. 10. An employer may enter into an agreement with an educational institution that has been approved for the enrollment of veterans under chapter 34 of title 38, United States Code, in order that such institution may provide a program of job training (or a portion of such a program) under this Act. When such an agreement has been entered into, the application of the employer under section 7 shall so state and shall include a description of the training to be provided under the agreement.

DISCONTINUANCE OF APPROVAL OF PARTICIPATION IN CERTAIN EMPLOYER PROGRAMS

29 USC 1721 note.

SEC. 11. If the Administrator finds at any time that a program of job training previously approved by the Administrator for the purposes of this Act thereafter fails to meet any of the requirements established under this Act, the Administrator may immediately disapprove further participation by veterans in that program. The Administrator shall provide to the employer concerned, and to each veteran participating in the employer's program, a statement of the reasons for, and an opportunity for a hearing with respect to, such disapproval. The employer and each such veteran shall be notified of such disapproval, the reasons for such disapproval, and the opportunity for a hearing. Notification shall be by a certified or registered letter, and a return receipt shall be secured.

Notification to employer and veteran; hearing.

INSPECTION OF RECORDS; INVESTIGATIONS

29 USC 1721 note.

SEC. 12. (a) The records and accounts of employers pertaining to veterans on behalf of whom assistance has been paid under this Act, as well as other records that the Administrator determines to be necessary to ascertain compliance with the requirements established under this Act, shall be available at reasonable times for examination by authorized representatives of the Federal Government.

(b) The Administrator may monitor employers and veterans participating in programs of job training under this Act to determine compliance with the requirements established under this Act.

(c) The Administrator may investigate any matter the Administrator considers necessary to determine compliance with the requirements established under this Act. The investigations authorized by this subsection may include examining records (including making certified copies of records), questioning employees, and entering into any premises or onto any site where any part of a program of job training is conducted under this Act, or where any of the records of the employer offering or providing such program are kept.

Agreement with Labor Department.

(d) The Administrator may administer functions under subsections (b) and (c) in accordance with an agreement between the Administrator and the Secretary providing for the administration of such subsections (or any portion of such subsections) by the Department of Labor. Under such an agreement, any entity of the Department of Labor specified in the agreement may administer such subsections, notwithstanding section 4(b).

COORDINATION WITH OTHER PROGRAMS

29 USC 1721 note.

38 USC 1501, 1601, 1651, 1700, 1770.

SEC. 13. (a)(1) Assistance may not be paid under this Act to an employer on behalf of a veteran for any period of time described in paragraph (2) and to such veteran under chapter 31, 32, 34, 35, or 36 of title 38, United States Code, for the same period of time.

(2) A period of time referred to in paragraph (1) is the period of time beginning on the date on which the veteran enters into an approved program of job training of an employer for purposes of assistance under this Act and ending on the last date for which such assistance is payable.

96 Stat. 1322.

(b) Assistance may not be paid under this Act to an employer on behalf of an eligible veteran for any period if the employer receives for that period any other form of assistance on account of the training or employment of the veteran, including assistance under the Job Training Partnership Act (29 U.S.C. 1501 et seq.) or a credit under section 44B of the Internal Revenue Code of 1954 (26 U.S.C. 44B) (relating to credit for employment of certain new employees).

(c) Assistance may not be paid under this Act on behalf of a veteran who has completed a program of job training under this Act.

COUNSELING

29 USC 1721 note.

SEC. 14. The Administrator and the Secretary may, upon request, provide employment counseling services to any veteran eligible to participate under this Act in order to assist such veteran in selecting a suitable program of job training under this Act.

INFORMATION AND OUTREACH; USE OF AGENCY RESOURCES

29 USC 1721 note.

SEC. 15. (a)(1) The Administrator and the Secretary shall jointly provide for an outreach and public information program—

38 USC 1501, 1651, 1770, 2001, 2011.

(A) to inform veterans about the employment and job training opportunities available under this Act, under chapters 31, 34, 36, 41, and 42 of title 38, United States Code, and under other provisions of law; and

(B) to inform private industry and business concerns (including small business concerns), public agencies and organizations, educational institutions, trade associations, and labor unions about the job training opportunities available under, and the advantages of participating in, the program established by this Act.

(2) The Secretary, in consultation with the Administrator, shall promote the development of employment and job training opportunities for veterans by encouraging potential employers to make programs of job training under this Act available for eligible veterans, by advising other appropriate Federal departments and agencies of the program established by this Act, and by advising employers of applicable responsibilities under chapters 41 and 42 of title 38, United States Code, with respect to veterans.

38 USC 2001 *et seq.*, 2011 *et seq.*

(b) The Administrator and the Secretary shall coordinate the outreach and public information program under subsection (a)(1), and job development activities under subsection (a)(2), with job counseling, placement, job development, and other services provided for under chapters 41 and 42 of title 38, United States Code, and with other similar services offered by other public agencies and organizations.

(c)(1) The Administrator and the Secretary shall make available in regional and local offices of the Veterans' Administration and the Department of Labor such personnel as are necessary to facilitate the effective implementation of this Act.

(2) In carrying out the responsibilities of the Secretary under this Act, the Secretary shall make maximum use of the services of State and Assistant State Directors for Veterans' Employment, disabled veterans' outreach program specialists, and employees of local offices appointed pursuant to sections 2003, 2003A, and 2004 of title 38, United States Code. The Secretary shall also use such resources as are available under part C of title IV of the Job Training Partnership Act (29 U.S.C. 1501 et seq.). To the extent that the Administrator withholds approval of veterans' applications under this Act pursuant to section 5(b)(2)(B), the Secretary shall take steps to assist such veterans in taking advantage of opportunities that may be available to them under title III of that Act or under any other program carried out with funds provided by the Secretary.

96 Stat. 1437.

96 Stat. 1380.
29 USC 1721.

96 Stat. 1364.
29 USC 1651.

Small business opportunities.

(d) The Secretary shall request and obtain from the Administrator of the Small Business Administration a list of small business concerns and shall, on a regular basis, update such list. Such list shall be used to identify and promote possible training and employment opportunities for veterans.

Application and certification assistance.

(e) The Administrator and the Secretary shall assist veterans and employers desiring to participate under this Act in making application and completing necessary certifications.

AUTHORIZATION OF APPROPRIATIONS

29 USC 1721 note.

SEC. 16. There is authorized to be appropriated to the Veterans' Administration $150,000,000 for each of fiscal years 1984 and 1985 for the purpose of making payments to employers under this Act and for the purpose of section 18 of this Act. Amounts appropriated pursuant to this section shall remain available until September 30, 1986.

TERMINATION OF PROGRAM

29 USC 1721 note.

SEC. 17. (a) Except as provided under subsection (b), assistance may not be paid to an employer under this Act—

(1) on behalf of a veteran who applies for a program of job training under this Act after September 30, 1984; or

(2) for any such program which begins after December 31, 1984.

(b) If funds are not both appropriated under section 16 and made available by the Director of the Office of Management and Budget to the Veterans' Administration on or before October 1, 1983, for the purpose of making payments to employers under this Act, assistance may be paid to an employer under this Act on behalf of a veteran if the veteran—

(1) applies for a program of job training under this Act within one year after the date on which funds so appropriated are made available to the Veterans' Administration by the Director; and

(2) begins participation in such program within fifteen months after such date.

EXPANSION OF TARGETED DELIMITING DATE EXTENSION

Vocational education program.
29 USC 1721 note.

SEC. 18. (a) Subject to the limitation on the availability of funds set forth in subsection (b), an associate degree program which is predominantly vocational in content may be considered by the Administrator, for the purposes of section 1662(a)(3) of title 38, United States Code, to be a course with an approved vocational objective if such degree program meets the requirements established in such title for approval of such program.

(b) Funds for the purpose of carrying out subsection (a) shall be derived only from amounts appropriated pursuant to the authorizations of appropriations in section 16. Not more than a total of $25,000,000 of amounts so appropriated for fiscal years 1984 and 1985 shall be available for that purpose.

EFFECTIVE DATE

29 USC 1721 note.

SEC. 19. This Act shall take effect on October 1, 1983.

Approved August 15, 1983.

LEGISLATIVE HISTORY—H.R. 2355 (S. 1033):

HOUSE REPORT No. 98-116 (Comm. on Veterans' Affairs).
SENATE REPORT No. 98-132 accompanying S. 1033 (Comm. on Veterans' Affairs).
CONGRESSIONAL RECORD, Vol. 129 (1983):
June 6, 7, considered and passed House.
June 15, considered and passed Senate, amended, in lieu of S. 1033.
Aug. 3, Senate concurred in House amendments.